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Kim Warns Koreans of Pain Ahead

'Trust Me' on Sacrifices, President-Elect Pleads

By Don Kirk
International Herald Tribune

SEOUL — President-elect Kim Dae Jung warned South Koreans on Sunday that they will face "terrible hardships" to rebuild the country's economy and urged the nation to accept layoffs and other sacrifices.

"If we do well this year, we will be able to get out of this crisis from the middle of next year," Mr. Kim said in a televised meeting with a sampling of his constituency.

"Please trust me," he said, his voice heavy with emotion. "Just trust me, I know I can do it, just trust me."

He spoke as a delegation of his top economic advisers was flying to New York for critical talks with creditor banks on rolling over more than \$25 billion in debts.

The two-hour "conversation with citizens" was broadcast live on the nation's four television networks and watched in freezing temperatures by crowds in front of big-screen television sets at Seoul's central railroad station and in public squares in other large cities.

It was Mr. Kim's first major public appearance before his people since he won the presidential election Dec. 18 with barely 40 percent of the vote.

"We're just entering a dark IMF tunnel," he said, referring to the conditions attached to the \$60 billion

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South Koreans listening Sunday at a railroad station in Seoul as Kim Dae Jung told the nation that if it sacrifices, the crisis could end in mid-1999.

Asia's Economic Model Yields to the Bottom Line

By Nicholas D. Kristof
New York Times Service

SEOUL — Sitting in his office just off the factory floor, a week's subtle on his face and weariness in his eyes, Kim Jung Ju eyes his workers carefully, figuring out whom he might lay off next.

"Now the bottom line is everything," Mr. Kim said mournfully, complaining that the relationships that were the underpinning of South Korean capitalism were dying quickly. "Before, companies that had done business with us for a decade would help us out in times of trouble. But no more."

So the customers of Mr. Kim's clothing factory are breaking the rules of the game by squeezing him and curbing

orders. And he reacts by breaking the rules again and laying off one-third of his 130 employees.

That is the harsh reality of free-market capitalism, and it might be unremarkable in the United States. But this is Asia, where in the past some nations followed a different economic model, emphasizing not markets but government planning and long-term relationships.

That version of capitalism, particularly the variety developed by Japan and adopted by South Korea, is now widely regarded as a problem rather than a solution. For the present at least, the Asian financial crisis is driving governments and businesses alike toward a more Adam Smith-inspired, market-oriented version of capitalism.

While many aspects of East Asia's community ethos will remain, Asian officials and scholars suggest that the region's economies may emerge from the financial crisis looking a bit more like the American economy.

"Everybody has been liberating markets to take advantage of globalization and the world economy," said Jusuf Wanandi, chairman of a policy research center in Jakarta. "So we are all moving more to the American model."

The changes are matters of degree, and even modest change will take time. But in Chung Yoon Goo's small clothing factory in Seoul, the transition is already apparent. Not only has Mr. Chung laid off a third of his work force, rather than keep them on in hopes for a

rebound as he would have done in the old days, he is now scrutinizing data as much as cultivating relationships.

"Our methods of doing business have changed a lot," Mr. Chung said as he sat at a small table near the factory floor. "We put a lot more emphasis on making sure that we have confidence in the companies we deal with. For companies listed on the stock exchange, for example, we conduct a thorough review of their financial standing, because now even the big companies can go belly up very quickly."

While the changes under way seem breathtaking to a South Korean worker, they still leave the region looking — to

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Baghdad Vows War To End UN Sanctions

Official Call Goes Out For a Million Volunteers To Wage a 'Great Jihad'

By Barbara Crossette
New York Times Service

BAGHDAD — The government of President Saddam Hussein declared a holy war against United Nations sanctions on Sunday and asked for a million able-bodied volunteers for military training.

In a gesture that could be interpreted as either another act of bravado on a weekend when Iraq is commemorating the seventh anniversary of start of the 1991 Gulf War or a signal that Mr. Saddam may actually be preparing for the consequences of his threat Saturday to evict all UN weapons inspectors, the vice president of Iraq called for "a great jihad to lift the sanctions."

[The United States firmly rejected the threat of a deadline for weapons inspections to end. Secretary of State Madeleine Albright said that the Iraqi president, far from helping end UN sanctions, was digging himself a "deeper hole."

"It's not up to Saddam Hussein to be offering these kind of ultimatums," she said on NBC, though she also called for a patient pursuit of UN goals.]

The Iraqi move was a direct challenge to Washington and the United Nations disarmament system it was instrumental in creating after the war.

"There is no alternative to this after seven years of patience and cooperation with the United Nations and its committees," Vice President Taha Yassin Ramadan said Sunday, as reported by the official Iraqi press agency INA.

"Instead, America, the guardian of the Security Council and its committees, has been unrelenting in its aggressive position to extend sanctions and expose the Iraqi people to death, starvation and illness," he said. "The Iraqi leadership and its people reject this and are ready for jihad." The vice president said that a million men and women would begin weapons training next month.

The move came on a day when already cool relations with neighboring Jordan — Iraq's overland door to the outside world since flights are banned — deteriorated further with the news that a prominent Iraqi diplomat, Hikmet Hajjo, the deputy chief of mission, his wife and six other people were murdered in Amman, the capital of Jordan, last Saturday night. (Page 7)

The military call-up announced Sun-

With Techies Logged On Abroad, Corporate U.S.A. Fills in the Gaps

By Allen R. Myerson
New York Times Service

NEW YORK — The United States has a shortage of techies, but Corporate America has already hit on a response: global telecommuting. U.S. technology companies have created a new realm of international trade by exporting their work and hiring programmers overseas to do it.

Having already scooped up any U.S. programmers they could by offering them the chance to ride the Internet to work from their homes in Jackson Hole, Wyoming, or Boulder, Colorado, corporations are reaching out to places like South Africa and the Philippines.

So increasingly, the world's commerce involves not just tankers filled with Brent oil or container ships laden with VCRs, but cables buzzing with computer programming code, product designs and engineering diagrams and formulas.

Some companies bring the workers to the work, searching the world for computer specialists will-

ing to come to the United States. But virtual immigration, where the workers stay put, has become far more common, and remains much cheaper.

The software unit of a single company, Tata Sons Ltd. of India, has 5,000 developers, and can immediately deploy 100 techies on an American corporation's mission.

India's software exports have grown from \$225 million in 1992 to \$1.15 billion in 1996, with a goal of \$3.6 billion in 2000.

The rise of global telecommuting has begun shaping trade policies and international relations.

Although banks, among other global institutions, have been electronically advantaged for years, the expense has fallen dramatically. Instead of high-capacity leased lines that can cost hundreds or thousands of dollars a month, a phone connection and an Internet service provider will often do.

"It's no longer an international phone call. Now, it's an Internet file exchange," said Esther

Dyson, author of "Release 2.0: A Design for Living in the Digital Age." A "cyberdiplomat" known for striving to make Eastern Europe at least as wired as its Western neighbors, Ms. Dyson also serves on the board of the PRT Group in Barbados, a software and computer systems design firm, and Sofstep, a company from Kyrgyzstan in Central Asia.

While some global telecommuters, like many Americans, work at home, most are clustered in the foreign quarters of American companies or in the offices of foreign contractors like Tata. Projects can receive round-the-clock attention as they are handed from continent to continent. IBM teams in Europe, India and the West Coast have kept the development of Java software for the Internet going at all hours.

Even as the giants like Tata prosper, the Internet is also allowing pipepeaks to be heard and seen,

offering electronic sales pitches and work samples. Corporations like IBM find themselves hiring tiny foreign firms that could never have found their way through these companies' front doors.

Those specialists who do migrate to the United States have an advantage in spotting talent back home. Under Sanjiv Sidhu, a native of Hyderabad, India, and Sandy Turgare, an executive from Bombay, 12 Technologies of Dallas runs software development centers in Bombay and Bangalore, where the neighbors include Motorola Inc., Intel Corp. and Hewlett-Packard Co. Software developers who would earn at least \$50,000 in the United States can be paid about a third as much in India, Mr. Turgare says.

The rise of global telecommuting has begun shaping trade policies and international relations. India, once utterly protectionist, has allowed U.S. computer companies to import equipment by the tax-free boatload, and extends all manner of other

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A Changing Cuba Embraces Catholicism

Pope's Visit Heralds Growing Tolerance

By Serge F. Kovaleski
Washington Post Service

CATALINA, Cuba — For most of his life, Jorge Perez outwardly embraced the notion of state-sponsored atheism, paying lip service to the communist creed that religion is "the opiate of the masses" and ostracizing those who held faith.

But privately, Mr. Perez found himself drawn to the Roman Catholic Church and believing that devotion to God would enrich his life more than the piety he was expected to display toward Marxist political ideology.

Today, the 37-year-old farmer openly practices his religion with little apprehension. He and his family attend weekly prayer services in this agricultural town 100 kilometers (60 miles) south of Havana and recently took part in one of the first open-air Masses allowed by the Cuban government since the triumph of the communist revolution here nearly four decades ago. The one Catholic Church in Catalina has seen membership grow in the last few years to 150 people, from 25.

"As a child of the revolution I saw, and in some ways was responsible for, what it meant to be Catholic," Mr. Perez said. "I mean the fear, the paranoia and the consequences that people suffered through simply for believing in



Children playing in a vacant lot on a seaside avenue in Havana near a poster of Pope John Paul II, who arrives Wednesday for a five-day visit.

God, for trying to find some solace from the problems we have to endure in this country."

As Cuba prepares for a five-day visit by Pope John Paul II beginning Wednesday, state intolerance of religious freedom is easing, rousing a heightened interest in Catholicism and other de-

nominations on this Caribbean island of 11 million inhabitants.

In recent weeks, the church has been allowed to hold several open-air Masses and public processions. For the first time in 30 years, the state declared last

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AGENDA

Arafat Warns Of New Uprising

GAZA CITY (APF) — Yasser Arafat warned Sunday that violence could return to the region if the deadlock in the peace process was not resolved.

"We are ready to return to where we left off and restart the seven years of *intifada*," the Palestinian leader said at a rally here, referring to the Palestinian uprising that began 10 years ago.

Mr. Arafat is to meet with President Bill Clinton this week.

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The IHT online www.ihl.com

Bonn Weighs Rewards For Tips on Tax Evaders

Critics Assail Plan Reminiscent of Darkest Past

By William Drozdiak
Washington Post Service

BERLIN — State informants have an odious pedigree in Germany. The Nazi dictatorship and East Germany's Communist rulers sustained their power through a network of domestic spies who were encouraged to rat on colleagues, neighbors and even spouses deemed to be "enemies of the state."

The prosperous democracy that has flourished for nearly 50 years as the Federal Republic of Germany has scorned such methods and prided itself on protecting innocent people from vengeful accusers. But with the government losing as much as \$100 billion a year through tax evasion, German authorities are saying drastic measures that carry some sinister overtones from the past may be necessary.

Finance ministers from Germany's 16 states will meet this week to consider plans to offer cash rewards to informants who squeal on suspected tax evaders.

The proposal has unleashed protests that such payoffs would resurrect a "denunciation culture" that has characterized the darker periods of modern Ger-

man history. Civil libertarians warn that angry employees, jilted lovers and abandoned wives would produce an avalanche of accusations that would overwhelm investigators and erode trust in relationships.

"We must not create a snooper state that reminds us of the unspeakable practices of the Nazis and Communists," said Karl-Heinz Daeke, president of the Federation of German Taxpayers. "The smartest thing this government could do is to bury this idea as soon as possible."

With national elections scheduled for September, politicians are reluctant to endorse any tax-collection initiatives that smack of the totalitarian past.

But with the state facing a slide in revenues when it is desperate to trim budget deficits to qualify for the planned single European currency, members of Chancellor Helmut Kohl's center-right government say they have no choice but to wage an all-out war against tax evasion.

With top income-tax rates now at 53 percent, wealthy Germans are moving their money out of the country at a record

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Texas Suit, Starring Oprah, Will Test 'Food Disparagement' Laws

By Sue Anne Pressley
Washington Post Service

AMARILLO, Texas — On one side is Oprah Winfrey, the talk-show host from Chicago so influential that her fondness for a certain book can send it soaring to the top of the best-seller lists. On the other is a collection of angry Texas cattlemen who contend that Ms. Winfrey and her popular show have hurt their business by hosting a rant on "mad cow" disease — and that she ought to pay dearly for what she and her guests said.

The legal standoff that is to begin Tuesday in a

federal court here on the high, wind-swept plains of the Texas Panhandle already has inspired jokes and derisive comments. But those on both sides of the issue agree that this is a serious battle with far-reaching consequences.

It is the first court test of a new wave of "food disparagement" laws — so-called veggie libel laws — now on the books in Texas and a dozen other states. As such, they say, the trial here is important to food producers, food-safety groups, the media and consumers throughout the country.

Supporters of the laws, which grew out of the

1989 scare involving the use of the chemical Alar in apple orchards, say they provide a much-needed recourse for farmers and ranchers when their products are attacked with unsubstantiated claims. They argue, for example, that while former President George Bush can say he hates broccoli because that is his personal opinion, no one should be able to say broccoli kills people without being able to prove it.

"The laws do not say, 'Thou shalt not speak ill of meat and milk,' but that you'd better be able to stand up in court and prove what you said," said Steve Kopperud, senior vice president of the

American Feed Industry Association, a national trade group for the producers of commercial livestock feed.

Critics of the laws, however, say they have a muzzling effect on free speech at a time when Americans' concern over the safety of their food is growing. They say that if the cattlemen win, a flurry of similar lawsuits, many of them frivolous, and more disparagement laws could ensue.

"This is a historic lawsuit, and it's getting attention because Oprah Winfrey is the defendant,

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Newsstand Prices

Andorra.....10.00 FF	Lebanon.....11,300
Antilles.....12.50 FF	Morocco.....16 Dh
Cameroon.....1,600 CFA	Qatar.....10.00 QR
Egypt.....EE 5.50	Rwanda.....12.50 FF
France.....10.00 FF	Saudi Arabia.....10 SR
Gabon.....1,100 CFA	Senegal.....1,100 CFA
Italy.....2,800 Lit	Spain.....225 Ptas
Ivory Coast.....1,250 CFA	Tunisia.....1,250 Dh
Jordan.....1,250 JD	U.A.E.....10.00 Dh
Kuwait.....700 Fils	U.S. (incl. Post).....\$1.20

Hughes Breaks Silence / Plath, the Feminist Martyr

After 35 Years, the Poem of Sylvia and Ted

By John Burgess
Washington Post Service

LONDON — For 35 years they have been awaiting an explanation, sometimes growing angry over the delay. Devotees of the poet Sylvia Plath, who committed suicide in a London apartment in 1963, have wanted to hear from her husband, a fellow poet, who had separated from her shortly before she died.

But Ted Hughes kept silent. He got on with his life. He became Britain's poet laureate. Along the way he offered hardly a word about his and Plath's failed seven-year marriage and what role he might have played in the final despair of a woman who became an icon of the feminist movement. Now the wait is over.

Mr. Hughes is telling his story of their life together in verse, 198 pages of it, starting from the moment he scanned a news photo of young American Fulbright scholar, newly arrived in England in 1955, and wondered idly if he might meet any of them. Prepared in secrecy, the book "Birthday Letters" was excerpted in The Times here Saturday and instantly became the talk of the literary world, though sales will not begin until the end of the month. "It sounds very exciting," said the poet James Fenton. "Good for him, I say, that he's managed to put together so many poems about this subject and allowed us to see them."

Today, Mr. Hughes is 67. Tall and craggy, he writes verse for state occasions, campaigns for river conservancy and gives readings in a voice that could only belong to one of his calling. But for all his accomplishments, his long-ago link with a bigger name is a large part of who he is in the literary world.

Writing up to her death in 1963, Plath used jarring, sometimes morbid images to convey feelings of loneliness and general powerlessness of a woman in postwar America. Her work rang true to many and more people in the 1970s and '80s, notably feminists, and she became one of the best-selling poets of the century, a posthumous Pulitzer Prize winner.

Mr. Hughes's defenders say Plath was unstable from the beginning — she had tried suicide before their marriage — and drove him out of the house. But for the past 35 years, he has been subjected to constant, often vicious hostility from people who variously consider him heartless, responsible for her suicide or a symbol of male domination in general.

Vandals hacked his surname off her headstone in Yorkshire; someone once piled his papers on floors in several rooms of his home and set fire to them.

Andrew Motion, a poet and critic here, doubts that Mr. Hughes's hard-core critics will be swayed by the poems in "Birthday Letters." But Mr. Motion, who knows Mr. Hughes, says that the verse proves the man's deep tenderness. "You can't read



Plath, who committed suicide in 1963, and Hughes, who went on to become poet laureate, were married seven years. Now he is telling the story of their life — in verse.

this book without being absolutely swept away by his feelings for her," he said.

It was a tumultuous bond from the start. Their first meeting, in February 1956 at a boozing London party for the launching of a new magazine, has passed into literary legend. Details vary, but they apparently retired to a back room where Mr. Hughes appears to have kissed Plath hard and ripped off her scarf, and she to have responded by biting him on the face.

In his new verse, Mr. Hughes writes of leaving the party with a swelling ring-moon that was to brand my face for the next month/The me beneath it for good.

HE MADE AN IMPRESSION on her, too. She wrote a few days later to her mother that he was "the only man I've met yet here who'd be strong enough to be equal with — such is life."

She was 23 at the time, a graduate of Smith College who was already a prize-winning writer. He was a Cambridge University graduate in English and anthropology, a sometime rose gardener given to cruising around London in a corduroy jacket with poems stuffed in the pockets.

Some of the excerpts published Saturday recount the courtship. He writes of an early walk around London with her:

We clutched each other giddily
For safety and went in a barrel together
Over some Niagara ...

she was 8, but her husband seems to appear in the words as well:

The vampire who said he was you
And drank my blood for a year,
Seven years, if you want to know.

In 1962, involved with another woman, Mr. Hughes moved out. He left Plath caring for their two small children.

One night in February that year, she turned on the gas in the kitchen. She was found dead the next morning. Mr. Hughes inherited rights to her works and later edited and published some of them. His career advanced — he became poet laureate in 1984 — but the sniping continued. At times he responded to critics in letters to newspapers, but for the most part he let it go.

"That silence seems to confirm every worst suspicion," he wrote in a 1989 letter. "I preferred it, on the whole, to allowing myself to be dragged out into the bull-ring and teased and pricked and goaded into vomiting up every detail of my life with Sylvia," according to "The Silent Woman: Ted Hughes and Sylvia Plath" by Janet Malcolm.

But now, for reasons he hasn't explained, Mr. Hughes is giving a detailed account, in poems that were written over a quarter-century.

Mr. Motion, one of the few people to have read the full work, says the poems' complexity increases as Mr. Hughes moves toward Plath's death. "You feel it's written in a burning, continuing process — like she's just left the room," he said.

Vital Kenyan Road Reopens, but Vehicles Are Mired

KAMBU BRIDGE, Kenya — Kenya's vital road link between the capital, Nairobi, and the port city of Mombasa was open Sunday, but heavy rains have created one of the biggest traffic jams East Africa has ever seen.

"We are moving," the chief engineer for the Kenyan road system said, "but you might not notice." He was speaking at the bridge over the Kambu river, about 250 kilometers (155 miles) from Nairobi on the way to Mombasa.

Part of the bridge was washed away in storms that lashed Kenya on Thursday and Friday, but there was enough of the structure remaining Sunday for vehicles to make a precarious crossing.

But transport had come to a complete standstill at Kyula, about 60 kilometers further east and a traffic jam stretched for some 25 kilometers along the main highway that passes through Tsavo National Park.

The police said Saturday that at least 86 people had been killed by the floods and the Sunday Standard newspaper put the toll at 91.

There were conflicting police reports over the period during which the deaths occurred. The police said Saturday that the toll was for a 24-hour period but senior police officers said separately that the toll could be for a three-month period.

On Sunday, police spokesmen would

not say when the first death from floods was actually recorded.

The traffic jam was caused by a combination of terrible roads and worse driving. But after being stuck deep in the quagmire for the past two days, drivers appeared finally to be working together to sort out the impasse.

"Most of these problems was caused because everybody tried to go by himself," said a policeman at the scene. "If people drive with more cooperation, we could fix this."

Hundreds of trucks, many carrying perishable goods, to or from Mombasa, have been stuck for days — their cargoes slowly rotting.

The Mombasa-Nairobi road is one of

the busiest in Africa, with thousands of trucks carrying goods from the port city to the east African heartland.

Trucks from Zambia, Burundi, Rwanda and Uganda were bogged down in the mud.

A Kenyan official said it would take months to repair the damage.

"We will do it but it will be a big struggle," he said. "I think a low estimate is that it will take 2 billion shillings (\$33 million) to get the road back to normal."

The rains, which Kenyan meteorological department officials attribute to the El Niño weather phenomenon, have virtually washed away what remained of the tarmac for huge stretches.

U.S. Gave British Data To IRA, Ex-Envoy Says

He Calls Dublin Ambassador an Adams 'Agent'

By Warren Hoge
New York Times Service

LONDON — A former American ambassador to Britain has accused the Clinton administration of leaking British intelligence on Northern Ireland to the Irish Republican Army.

He also said that the current United States ambassador to Ireland, Jean Kennedy Smith, was an "ardent IRA apologist" who had to be restrained from meddling in the affairs of the North, which is a part of the United Kingdom.

Raymond Seitz, the U.S. envoy in London from 1991 to 1994, says in a memoir to be published next week that in late 1994, British security became so suspicious of the White House that it began to hold back sensitive information. Early that year, President Bill Clinton approved the visa application of Gerry Adams, head of the Sinn Féin, the IRA's political wing, an act that Mr. Seitz had strongly advised against.

"Through the following months, the Clinton White House made one concession after another (fund-raising, official recognition, high-level meetings, presidential photos and so forth), and again and again it backed away from its own conditions, usually over the furious objections of the British," Mr. Seitz writes, in an excerpt from the book published in The Sunday Telegraph. "In this fractious atmosphere, London even stopped passing sensitive intelligence to the White House because it often seemed to find its way to the IRA."

The "conditions" Mr. Seitz referred to were demands that Mr. Adams resisted: to renounce violence and commit himself to a joint declaration that the British and Irish prime ministers had agreed to weeks before in an effort to get Sinn Féin to join peace talks.

"America, which had suffered so often at the hands of terrorists around the world, should have been the last place to offer a platform to Gerry Adams, but in the end this is what the president did," Mr. Seitz writes.

He said the appointment of Mrs. Smith as envoy to Dublin was clearly a political favor to her brother, Senator Edward Kennedy. Even understanding that "Dublin had always been a playing field for American presidents who wanted to score a point or two with the Irish-American electorate," Mr. Seitz said, he felt the selection was "curious not because of Mrs. Smith's inexperience but because she was both willful and skittish, a dangerous mix. From Clinton's point of view, however, a Kennedy was a Kennedy."

He said she became a "promotion agent" for Mr. Adams and added, "Too shallow to understand the past and too naive to anticipate the future, she was an ardent IRA apologist." When she insisted on making contacts in Belfast, he refused, and she became upset, he said. "Kennedys have a hard time absorbing refusal," he said.

Mr. Seitz, a career foreign service officer in a post usually given to political appointees, was a popular ambassador with the British, and he has remained in London as vice chairman of Lehman Brothers and a frequent contributor to British news outlets on Anglo-American subjects. He was appointed by President George Bush but

remained in office under President Clinton until his replacement by Admiral William Crowe, former chairman of the Joint Chiefs of Staff.

Asked for comment, Mrs. Smith said in Dublin, "History will be the judge."

In London, the prime minister's office, the Foreign Office and the Northern Ireland Office all said they were barred from comment by "long-standing policy to not discuss security issues."

Mr. Adams was to meet with Prime Minister Tony Blair on Monday to discuss the peace talks in Belfast. Of particular concern is the opposition that Sinn Féin announced over the weekend to a British-Irish plan for Northern Ireland introduced at the talks last week as a possible basis for a settlement to the Catholic-Protestant conflict.

The plan called for the creation of several legislative and consultative bodies that would further tie between Belfast and Dublin, a Catholic objective, while validating the province's status as a part of the United Kingdom, a Protestant goal.

Sinn Féin is a participant in the talks because the IRA resumed a lapsed cease-fire in July and Mr. Adams and his associates pledged themselves to nonviolence.

4th Catholic Killed in Ulster

A Protestant guerrilla group in Ulster claimed another victim Sunday, Reuters reported.

The unionist Loyalist Volunteer Force claimed responsibility for the killing of an unidentified man who was found dead in the small town of Maghery.

The group has claimed four killings of Catholics in revenge for the Dec. 27 murder of its leader by a dissident Irish republican faction.

Pope Chooses 22 Cardinals

Compiled by Our Staff From Dispatches

VATICAN CITY — Pope John Paul II, again putting his conservative stamp on the Roman Catholic Church, on Sunday appointed 22 Roman Catholic cardinals, the elite group of prelates who can choose a new Pope after his death.

Cardinals are the Pope's closest advisers in Rome and around the world. Those under 80 can enter a conclave to elect a new pontiff.

With the nominations, the Pope has named about 88 percent of the "cardinal electors." This increases the possibility that his successor will be a conservative in his own image who will not change controversial Church teachings.

The ceremony to consecrate the cardinals, known as a consistory, will be held Feb. 21.

The Pope said the names of two of the new cardinals would remain secret for the time being. This is done occasionally to protect the identity of cardinals, usually for political reasons.

The New Cardinals

Francis Eugene George, archbishop of Chicago; James Francis Stafford, president of the Pontifical Council for the Laity; Aloisius Joseph Riboldi, archbishop of Toronto; Christoph Schönborn, archbishop of Vienna; Norberto Rivera Carrera, archbishop of Mexico City; Antonio María Rouco Varela, archbishop of Madrid.

Adam Kozłowski, archbishop of Łódź; Francis Dinkel, archbishop of Genoa; Salvatore De Giorgi, archbishop of Palermo; Sicily Paul Shan Kuo-hsi, archbishop of Keelung; Taiwan: Serafin Fernandez de Ariza, archbishop of Belo Horizonte; Brazil: Policarpo Pêgo, archbishop of Dar es Salaam, Tanzania.

Adam Kozłowski, archbishop, missionary in Zambia; Jorge Arturo Medina Estvez, archbishop emeritus of Valparaíso, pro-nuncio of the Congregation for Divine Cult and the Sacraments; Alberto Bovone, archbishop and pro-nuncio of the Congregation for the Cause of Saints; Dario Castrillon Hoyos, archbishop emeritus of Sucre; and pro-nuncio of the Congregation for the Clergy.

Lorenzo Antonetti, archbishop and pro-nuncio of the Administration of the Patrimony of the Holy See; Giovanni Cech, archbishop and president of the Pontifical Council for the Pastoral Care of Migrants; Francesco Colonna, archbishop and apostolic nuncio to Italy; Dino Mondazzi, bishop and prefect of the Papal Household.

(Reuters, AP)

TRAVEL UPDATE

Maine Comes Slowly Back to Life

AUGUSTA, Maine (AP) — Clouds gave way to sunshine over the weekend as utility crews labored in frigid cold to restore service to thousands of people in their 10th day without electricity.

Maine's two largest electricity providers said that a few areas blacked out by last week's ice storm were fully back on line or close to it, although some summer homes might not see electricity until spring. In northern New York state, about 61,000 customers were still waiting for power.

Heathrow-London Rail Link Opens

LONDON (Reuters) — The British airport operator BAA PLC says it will open the first leg of its Heathrow Express rail link between the airport and central London on Monday.

Airline passengers will get free travel on a trial FastTrain service, taking them from Paddington station in west London to Europe's biggest international airport in just 30 minutes. A fare of £5 (\$8) each way will be charged as of Jan. 26.

Swissair is cutting economy fares by as much as 39 percent on some flights to Asia as financial turmoil in the region has led to a fall in sales. (Bloomberg)

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Ethiopia, New Zealand, Puerto Rico, United States, Virgin Islands.

TUESDAY: Haiti, Guinea-Bissau, Mali.

WEDNESDAY: Barbados, Dominican Republic.

Sources: J.P. Morgan, Bloomberg

Ancient Copper Statue Is Restored in Egypt

CAIRO — The Egyptian Museum on Sunday put on display one of the world's oldest known metal statues, cast for a pharaoh more than 4,000 years ago.

Egyptian and German archaeologists finished restoring the copper statue of Pharaoh Pepi I, a ruler of the Sixth Dynasty, earlier this month after one and a half years of work.

"This is one of the rarest statues discovered in Egypt made of copper," said Mohammed Saleh, the museum director. "The copper was hammered on a core in different pieces that were assembled by nails. This technique shows the technology ancient Egyptians

used with all the details of the face and body," he said.

Rainer Stadelmann, director of the German Institute of Archaeology in Cairo, said the statue was so corroded it had to be restored with a machine similar to one "used by a dentist to remove plaque."

"No chemicals were used on this wonderful copper statue," he added. "We know that other pharaohs had metal statues but this is the one that survived. Pepi was one of the most important rulers and the sensation was that it was a cast and not hammered."

The statue, about 50 centimeters (20 inches) tall, was found in 1889 cooped inside a life-size copper statue of Pepi I, currently being restored.

WEATHER:

Because of transmission problems, the weather report is not available. The IHT regrets any inconvenience.

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Tuesday

STYLE

From Paris to Milan, from New York to Tokyo, fashion editor Suzy Menkes covers the fashion front. With additional reporting on lifestyle issues, the Style section provides up-to-date information on developments in the changing world of creative design.

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THE AMERICAS

Face to Face With Paula Jones, Clinton Defends Himself for 6 Hours

By Peter Baker
Washington Post Service

WASHINGTON — With Paula Jones staring him in the face, Bill Clinton has testified for about six hours about the sexual harassment allegations that have generated the spectacle of a U.S. president forced to explain his conduct with women.

Mr. Clinton testified Saturday in the offices of his lawyer, answering questions under oath about whether he propositioned Mrs. Jones in a Little Rock, Arkansas, hotel suite nearly seven years ago and later punished her for rejecting his advances.

Never before has a serving president been interrogated as a defendant in a court case.

The session was closed to outsiders and details were scarce because the judge in the case, Susan Webber Wright of U.S. District Court, forbade participants to discuss the session. Neither Mr. Clinton nor Mrs. Jones commented afterward, ignoring reporters who converged on Washington from as far away as Japan and Germany.

But people close to the case said before the deposition began that Mr. Clinton planned to testify that he did not remember meeting Mrs. Jones and would deny having harassed her, although he was willing to concede they may have met alone at the Excelsior Hotel in 1991.

It was a session that Mr. Clinton had vigorously fought to avoid at least until after his term expires. But in the end, the Supreme Court ruled unanimously last year that even sitting presidents could be taken to court and forced Mr. Clinton to answer the charges from



Mrs. Jones, right, and her adviser, Susan Carpenter-McMillan, facing the press before the deposition.

Mrs. Jones, a former low-level state clerk from Lonoke, Arkansas.

"I feel so proud to be an American, to know that this judicial system works, to know that a little girl from Arkansas is equal to the president of the United States," Mrs. Jones said before the session, according to her adviser and spokeswoman, Susan Carpenter-McMillan.

The raucous scene outside the law offices of Skadden, Arps, Slate, Meagher & Flom was reminiscent of the

chaos that surrounds celebrity trials. As Mrs. Jones arrived in a taxi, she was immediately set upon by scores of reporters and photographers.

For his part, Mr. Clinton traveled the two blocks from the White House in a motorcade protected from the news media.

The deposition marked the first time in the case that Mr. Clinton has told his side of the story. Recorded on videotape, his answers can be played at the trial that is scheduled to begin May 27.

Mr. Clinton sat at one end of a long table in an 11th-floor conference room, with the video camera positioned at the far end, a person familiar with the case said. Mrs. Jones and her six lawyers sat along one side, while a smaller contingent of lawyers for the president sat along the other.

While maintaining that he did not harass Mrs. Jones, Mr. Clinton did not intend to challenge the account of his bodyguard, a state trooper named Danny Ferguson, who has testified that

he escorted Mrs. Jones to the hotel suite that day, people close to the case said. By doing so, he would acknowledge that she may have been in the room with him, but his lawyers would rely on Mr. Ferguson's assertion that Mrs. Jones sought out the meeting, commented admiringly on Mr. Clinton's looks and afterward offered to be "the governor's girlfriend."

Even beyond the facts of the event in dispute, the questioning promised to be uncomfortable. Mrs. Jones's lawyers were looking into some of the most intimate details of his personal life, including reports from women who have testified that they had affairs or received unwelcome advances from Mr. Clinton, according to one person familiar with the questioning.

Mr. Clinton's lawyer, Robert Bennett, wanted to shield the president from the most embarrassing inquiries into his personal life and has argued that extramarital relationships are not relevant to a sexual harassment case. Mrs. Jones's lawyers wanted to prove a pattern of behavior that would bolster the credibility of her assertions.

During a deposition, lawyers are given far more latitude than they would have in a trial to explore subjects that might not be directly related to the allegations in a lawsuit.

How much of what they learned would ultimately be usable remained less clear. "If they can show that every week he invited some woman to a hotel room who's an employee of the state and propositioned her, then it's more likely they could get it in," said Vicki Golden, a Washington lawyer who specializes in sexual harassment suits. "That he had some affairs? That gets dicey."

In the view of several people close to the case, the deposition removed one of the last motivations for an out-of-court settlement. Because they assume the videotape of the deposition will eventually find its way into the public domain, Mr. Clinton's advisers consider the damage to the president's reputation already done.

At this point, the consensus in the Clinton camp is that the public has made its judgments about the president's behavior and therefore his best shot at minimizing the impact in the history books would be a victory at trial.

Mrs. Jones, now 31, was a \$6.35-an-hour state clerk working at the registration desk at a government-sponsored "quality management" conference at the Excelsior Hotel on May 8, 1991, when Mr. Clinton, then governor of Arkansas, arrived to give a speech. She says that she later was approached by Mr. Ferguson, who told her the governor wanted to meet her and escorted her to a hotel suite furnished as an office. She says she went along thinking she might be offered a job, but discovered otherwise once she found herself alone in a room with the governor.

According to her lawsuit, Mr. Clinton exposed himself and requested oral sex. Mrs. Jones refused and left, she said, and later told friends that the governor had made a pass at her.

Mrs. Jones did not file her lawsuit until three years later, after a magazine identified a woman named "Paula" as an alleged Clinton paramour. She originally asked for \$700,000 in damages, although more recently she has offered to settle the case if she is given \$2 million and an apology.

POLITICAL NOTES

No Solid Evidence In Babbitt Inquiry

WASHINGTON — Justice Department investigators have not turned up evidence that Interior Secretary Bruce Babbitt lied to Congress about a campaign fund-raising controversy, department officials have said.

The investigators are expected to recommend that Attorney General Janet Reno seek an independent counsel in the matter, they said.

Officials said the inquiry thus far has been unable to prove that Mr. Babbitt intentionally perjured himself or that he had anything to lie about. The investigation has produced only unanswered questions, and that is enough to trigger an independent counsel investigation, they said.

A recommendation to Ms. Reno could be drafted by the end of the month, and she will have until Feb. 11 to make a decision.

That date would mark the end of a 90-day preliminary inquiry into the allegations against Mr. Babbitt. Under the Independent Counsel Act, Ms. Reno is obliged to seek an outside prosecutor at the end of that period unless she can show there are no reasonable grounds for further investigation.

Mr. Babbitt has offered several contradictory accounts of his role in a 1995 Interior Department decision to reject an Indian casino project. The casino was opposed by rival tribes that contributed nearly \$300,000 to the Democratic Party. (WP)

New Governor Urges Unity in Virginia

RICHMOND — James Smart Gilmore 3d called for a new era of civility and unity in Virginia politics as he was inaugurated as the state's 68th governor, climaxing a week of leg-

islative skirmishes that cemented the growing power of the Republicans.

In an 18-minute address Saturday, Mr. Gilmore broke little new ground, though with a flourish he signed an executive order creating a higher education commission and promised to veto any legislation to alter the welfare-to-work program that his Republican predecessor, George Allen, set in motion.

The new governor also hailed Virginia's 95,000 state government workers — who often were the subjects of barbs from Mr. Allen — saying they "need to know that they march by my side."

The festivities, which began with a prayer breakfast that drew more than 900 people to a downtown hotel, had a strongly religious and conservative flavor.

"Including a prayer in that speech took a lot of thought, and he is sending a signal that he is committed to spiritual and moral values," said the Reverend Jerry Falwell, who was among the guests.

While reiterating the anti-tax message that drove his campaign, Mr. Gilmore adopted a studiously mild tone in his speech. (WP)

Quote/Unquote

Laura Nichols, communications director for Representative Dick Gephardt, the House Democratic leader who last month accused President Bill Clinton of conducting a government of timid ideas and neglecting the country's major challenges, but who on Saturday had a private dinner with Al Gore at the vice president's mansion: "If you look at what Gephardt said in his speech, he was raising many of the issues that are beginning to be addressed in the president's agenda. Now that the budget is nearly balanced, we ought to be looking at how we can start going back to the issues that our party cares about. We won. We're happy." (NYT)

Republicans Forgo Abortion Penalty

By Richard L. Berke
New York Times Service

INDIAN WELLS, California — After an unusually passionate debate that amplified tensions in the party, the Republican National Committee has spurned a proposal to withhold money from candidates who do not oppose late-term abortion. It was the first big defeat in nearly two decades of the party's most ardent opponents of abortion on a major proposal before the national committee.

Committee members, by a vote of 114 to 43, adopted a substitute proposal that condemned the late-term abortion procedure but eliminated the earlier language that had made opposition a prerequisite for party funds. The adopted resolution says that the party "commits to banning this heinous procedure from America forever."

There was no vote on the original resolution. Republican leaders at the party's winter meeting here had moved aggressively to defeat the measure, fearful that the resolution would drive centrists from the party.

In a dramatic gesture, Representative Henry Hyde of Illinois, the most outspoken foe of abortion in Congress, was summoned here from Washington by party leaders to warn that the resolution was politically unwise and could threaten the party's hold on Congress.

"We need more than resolutions and manifestoes in vain against partial-birth abortion," Mr. Hyde said before the vote. "We need laws. We need to pass laws. We need converts. We need to convince people that human life is precious."

The matter is so sensitive that the House speaker, Newt Gingrich, did not take a position on the resolution. But Mr. Gingrich, Republican of Georgia, asserted that the resolution had been "a tactical mistake" that undermined the party's efforts to put Democrats on the defensive on the issue.

Tim Lambert, the Republican national committeeman from Texas who proposed the resolution, said its failure demonstrated the triumph of pragmatism over principle and could mean trou-

ble for Republicans in the midterm elections this year. Mr. Lambert said the people who opposed his resolution "are going to have to go home and say, 'I'm pro-life but I voted that we continue to give money to candidates who support infanticide.' That may sell inside the Beltway but out in the hinterlands I don't think it's going to work."

In partial-birth abortion a surgeon pulls the fetus out of the birth canal feet first, punctures the head, removes the brain and collapses the skull so the fetus can be removed vaginally.

In a two-hour debate Friday night, party members agreed that late-term abortion was an unacceptable procedure, but they disagreed on whether the national party should punish candidates who do not oppose it.

Betsy DeVoss, chairwoman of the Michigan Republican Party, offered the substitute resolution. But she remained critical of Republican elected officials who have not opposed late-term abortions, calling on Governor Christine Todd Whitman of New Jersey, in particular, "to support the ban on this awful procedure." The governor vetoed a state ban on late-term abortions.

But the party chairman from Colorado, Steve Curtis, spoke in favor of the original resolution, calling its rejection "hypocrisy of the highest order."

Away From Politics

• A psychiatrist who received a one-day extension to recommend whether Theodore Kaczynski is competent to stand trial has completed her report on the Unabomber suspect, the court clerk at Sacramento, California, said. (AP)

• The number of women who become pregnant unintentionally dropped by 16 percent from 1987 to 1994, according to a study by the Alan Guttmacher Institute in New York. (WP)

• Timothy McVeigh's attorneys have appealed his conviction on murder and conspiracy charges in the Oklahoma City bombing, citing pretrial publicity and alleging errors by the judge. (WP)

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AMERICAN TOPICS

At Dr. King's Birthplace, A Paradoxical Legacy

Residents of Auburn Avenue in Atlanta, the street where Martin Luther King Jr. was born, have seen good times and bad.

But in recent years, many of the good things the civil rights leader accomplished have had a bad impact on the avenue.

"Dr. King's legacy, if you will, is the paradox of Auburn Avenue," said Alexis Scott-Reeves, who works on the avenue.

"Desegregation, which we sorely needed, led to a fracturing of the community. What has happened has been good overall. But for dear Auburn Avenue, it has left a chink in its shining armor."

Auburn Avenue was dubbed "Sweet Auburn" by the early civil rights leader John Wesley Dobbs because of the opportunities it afforded blacks even in the days of strict segregation.

"It was the yellow brick road for black dreamers in the South in the 1930s and '40s," said Gary Pomerantz, whose book "Where Peachtree Meets Sweet Auburn" chronicles Atlanta's racial, social and political history.

It was a place where blacks could

own businesses, get a good education at nearby black colleges and prosper. There were black-owned nightclubs where such musical greats as Cab Calloway and Duke Ellington performed. There were big churches and fancy restaurants. "Auburn Avenue," said a former Atlanta mayor, Maynard Jackson, who is Mr. Dobbs's grandson, "was a living lab for Martin Luther King Jr.'s dreams."

But in the 1960s, as the civil rights movement headed by Mr. King began to realize those dreams — and blacks became able to move and work where they wanted — many left, and the avenue began to decline.

"It was," said Mr. Pomerantz, "a necessary though regrettable price for freedom."

Now, the Martin Luther King Jr. National Historic Site and the King Center for Nonviolent Social Change, built near his birthplace, are the city's most popular attractions, although visitors rarely linger.

Atlanta is still looking for ways to build on the name of King, who is honored across the United States on Monday.

Short Takes

Not surprisingly, the highest automobile accident rates, per mile driven, involve teenagers and drivers 70 or older. But while teenagers' accidents are often related to speeding or nighttime driving, older drivers tend to drive more slowly and avoid night driving, said Larry Cook, who analyzes traffic problems for the Utah state government.

The big problem facing the elderly,

he found in an extensive study, is that they were twice as likely as younger people to have accidents while turning left across traffic. He linked this to poor depth perception and slow reaction time.

Newborns in Georgia often come home from the hospital with a bag of free goodies: baby wipes, diapers, instructions about breast feeding. Now Governor Zell Miller wants to throw in something extra: a cassette tape or compact disc of classical music.

The governor, a Democrat, is convinced that Bach and Mozart can stimulate brain development at very early ages. That is why he included in his \$12.5 billion state budget plans to spend \$105,000 to make music available to each of the 100,000 children born in Georgia each year. The New York Times reports.

Mr. Miller, the author of an encyclopedia of the state's musical history, says his own experience persuaded him that there was a link between early music and later braininess, whatever some scientists say.

Growing up in the mountains of north Georgia, he said, "Musicians were folks that not only could play a fiddle but they also were good mechanics. They could fix your car."

During his budget address last week, Mr. Miller played a bit of Beethoven's "Ode to Joy" on a tape recorder, then asked legislators, "Now, don't you feel smarter already?" If not smarter, some said, at least they felt better.

Brian Knowlton

By Steven Lee Myers
New York Times Service

Mr. Cohen did not advocate a general lifting of the sanctions, the officials said, but rather suggested making an exception in the case of Sikorsky Aircraft, which makes Black Hawk helicopters.

Sikorsky, which sold 24 unarmed Black Hawks to the Chinese military in 1984, has been lobbying the administration to allow it to sell replacement engines and other parts to Beijing, arguing that these should no longer be considered military equipment prohibited by the sanctions.

In discussions leading up to Mr. Cohen's three-and-a-half-day visit to China, which began

Mr. Cohen declined through his spokesman, Kenneth Bacon, to talk about his discussion of

His Chinese counterpart, Chi Haotian, and he

Mr. Cohen's visit is part of the administration's efforts to improve relations between the countries. The defense secretary is the first cabinet member to visit Beijing since Mr. Clinton and President Jiang Zemin met in Washington in October. But while administration officials have described a gradual improvement in relations, profound dif-

■ Culture Welcomed in Beijing

"But harmony involves more than simple ceremony and celebrations," Mr. Cohen said. "It involves action as well."

Reuters

The crisis has also clouded the future of President Suharto, although analysts said Sunday that he should not be counted out.



An Indonesian woman holding out her hand as she makes it to the head of a line of people waiting for subsidized sugar in a Jakarta market.

Continued from Page 1

Mr. Kim, who takes office Feb. 25, told South Koreans

Meanwhile, about \$8 billion promised by the United States and other rich countries as a second line of credit will be put on hold until the talks are successfully concluded.

Mahatma Descendant to Run

UN Aide Cautions Cambodia

"We have not received any indication from the government that they were moving on investigation and prosecution," said Thomas Hammarberg, the UN secretary-general's special representative for human rights in Cambodia. (Reuters)

Manila Opposition Campaigns

The 61-year-old former action-movie hero and current vice president continues to top opinion polls in the race to succeed President Fidel Ramos. (Reuters)

Givenchy and McQueen Opt for Zen

By Suzy Menkes
International Herald Tribune

Another of fashion's hard softened up — but don't imagine Thierry Mugler abandoned his signature hourglass silhouette. Instead, he worked his icy glamour as soft as



A glass fringe Japanese-inspired dress by Alexander McQueen, whose Givenchy show swapped costume party clothes for a calm and occasionally beautiful collection.

Dominique Sirop is a modest modernist — meaning that he makes a collection of conventional client-pleasing clothes, but gives that a millenium boost with gleaming fab-angular asymmetric cuts and flat over beards. Typically, a glacier blue skirtail dress might have graphic embroidery at the hem. Or a column of lilac in would have silver beading at the waist. And the daywear would be a suit cut on the bias.

The result? A sophisticated and youth-sexiness, that never dips into vulgarity — even when slits are high-rise and lace inserts are sheer.

By Norma Field. 205 pages. \$24.95
University of California Press.

*By Kyoko Mari. 258 pages. \$22.50.
Henry Holt.*

Reviewed by Janice P. Nimura

shared with the 50th anniversary of the end of the war. "From My Grandmother's Bedside" is a notebook of vignettes, an eclectic mixture of grief and family history, daily routine and the collective memory of a troubled nation.

Chinese in the postwar era. At the center, a

Affection always underlines Field's criticisms of her native land. Mori, on the other hand, is at best deeply ambivalent about Japan, at worst in screaming flight from her troubled Kobe childhood. At the age of 12 Mori lost her mother to suicide; within months her father was remarried to a petty woman

Liberated in Wisconsin, Mori takes a hard line in reaction to a frightened childhood plagued by bewildering, unspoken codes. Whether discussing feminism or family, her father's cruelty or her own failed marriage, she sees no distinction between a compromise and a sacrifice of personal freedom. Her rigidity often leads her into dead ends: She wants to be comforted but refuses the platitudes that are all most people have to offer.

With lives divided equally between Japan and America, Field and Mori are foreigners in neither, uniquely qualified to write at an intersection many have visited but few have truly understood. Where Field moves from intimate detail to piercing cultural insight, though, Mori turns inward on her own cathartic anger.

Janice P. Nimura, a book editor in Tokyo and a regular reviewer for the Daily Yomiuri, wrote this for The Washington Post.

BRIDGE

By Alan Truscott

Board-a-match events are rare at the national level and even rarer in regional play, but an exception occurs in the New York Winter Regionals. The winners of the two-day Board-a-Match Teams were Richard Schwartz, Michael Polowan, Adam Wildavsky and Lloyd Arvedon. They won by a margin of the largest

West led the spade ace, a reasonable but fatal choice, and continued the suit. After winning in dummy South led a trump, winning with the nine when East played low. The diamond queen was led for a successful ruffing finesse, and when it won the jack

This won the board for the Schwartz team, which hit on a better lead against the same contract in the replay. West chose the club eight, which is not as helpful as it might appear. South still had

chances but failed to handle the bad trump split and finished down two.

NORTH (D)

♠ K Q 10
♥ J 10 6 5
♦ —
♣ —

♠ 10 6 5 3

WEST **EAST**

♠ A 5 3 2 ♠ J 4
♥ 2 ♥ A 7 4 3
♦ K 8 7 6 5 ♦ 9 4
♣ J 8 ♣ A 9 7 4 2

SOUTH

♠ 8 7 6
♥ K Q 9 8
♦ A Q J 10 3 2
♣ —

Neither side was vulnerable. The bidding:

North	East	South	West
1 ♠	Pass	1 ♠	Pass
2 ♠	Pass	2 ♠	Pass
3 ♠	Pass	4 ♠	Pass
Pass	Pass	—	—

West led the spade ace.

West led the spade ace.

EUROPE

In Turkey, Islamists To Form a New Party

Leaders of Banned Group Seek Its Successor; Court Warns Against Pro-Muslim Movement

By Kelly Couturier
Washington Post Service

ANKARA — A day after the Constitutional Court banned their party for anti-secular activities, leaders of the Islamic-based Welfare Party announced that they will form a new party to give millions of supporters a political voice.

"We will continue our mission under a new name and a new leader," said Lutfi Esengun, a close aide to the Welfare Party's founder and former prime minister, Necmettin Erbakan.

Mr. Erbakan, who has led three conservative Islamic parties in a 30-year political career, was barred from participating in political party activities for five years and lost his seat in Parliament as part of the court's decision.

Several of his aides already have formed a new party, the Virtue Party, but it was unclear whether that, or another party, would be chosen as Welfare's successor.

"It could be that party, or another party, but there will definitely be a new organization," Mr. Esengun said Saturday. He declined to indicate who might succeed Mr. Erbakan.

In response to Mr. Esengun's announcement, Turkey's chief prosecutor, who brought to the high court the case to ban Welfare, said he would not tolerate any attempt to continue the pro-Islamic movement under a new party.

The prosecutor, Vural Savas, welcomed the ban. "I did the greatest service," Mr. Savas was quoted as saying in a television interview. "Those who use religion for political propaganda cause the greatest harm to religion."

Turks still widely support the country's secular principles, and many share the establishment's view that the Welfare Party's true aim was to use democracy to come to power and then establish an Islamic-based state.

The court's decision to ban the party, which will take effect when the ruling is published in the Official Gazette, probably next week, continued to be criticized at home and abroad.

Mr. Erbakan, who has vowed to bring the case to the European Court of Human Rights, confidently said at a party meeting that the European court "will rule that Welfare's dissolution is against contemporary justice criteria for scores of reasons."

"Europe will then explode in the face of this great injustice," said the former prime minister, who stepped down last June when his governing coalition collapsed under heavy pressure from the military.

The decision Friday to dissolve the party was the culmination of a yearlong campaign by the military-backed secular establishment, which accused Welfare of becoming a haven for radical religious activity that threatened modern Turkey's secular foundations.

"This is a decision that cost Turkey its democratic credentials and will not achieve what it sets out to achieve, which is the elimination of political Islam here," said a European diplomat based in Ankara.

"You can ban a party, but you cannot ban 6 million voters," the diplomat said, referring to the Welfare Party's estimated ballot-box strength.

Many analysts said the country's popular conservative Islamic movement will survive the ban on Welfare, and may even grow as a result.

"In Turkey, the masses always support the underdog and those who have been subjected to injustices," wrote Ilhan Cevik, editor of the Turkish Daily News.

The spokesman for the U.S. State Department, James Rubin, said the ban would be on the agenda when John Shattuck, assistant secretary for human rights, visits Turkey for talks next month.

President Defends Court's Move

Defying criticism from the West, President Suleyman Demirel said the court decision to shut down the Welfare Party upheld Turkish law. The Associated Press reported.

"We cannot feel happy by the shutdown of a party. It is impossible not to feel saddened," Mr. Demirel said in a television interview late Saturday. "But no one has the right to violate the laws of the Turkish republic."

"If it's written in the constitution, there is no point in calling it undemocratic," Mr. Demirel said in response to criticism from Western allies.

On Sunday, a group of Welfare supporters protested the closure, shouting slogans in praise of Mr. Erbakan and morning prayers in a mosque in Istanbul. The demonstrators dispersed peacefully.

Meanwhile, thousands of people gathered at the airport in Istanbul, jamming roads, in a show of support for Mr. Erbakan, who was scheduled to fly in to attend a dinner for the holy month of Ramadan.

The Islamic ideal "will be realized by this nation's children, no matter what the names, the parties or the organizations are," Mr. Erbakan told followers in Ankara before his departure for Istanbul.

Two Islamic-oriented parties Mr. Erbakan headed in the 1970s and 1980s were closed by judicial order, and he was also banned from politics. Each time, he waited out the ban and re-emerged at the head of a new party with a different name but similar policies and leaders.



THAWING — "Walrus," or winter swimmers, warming up after a dip in St. Petersburg on Sunday.

2 Russian Reformers Lose Ground

By Alessandra Stanley
New York Times Service

MOSCOW — Two of Russia's leading reformers have been stripped of some of their official duties, a move signaling ongoing power struggles within the government.

Prime Minister Viktor Chernomyrdin announced that First Deputy Prime Minister Anatoli Chubais, 42, who lost his post as finance minister in November after a book-fee scandal, was removed as overseer of government policy on the news media. He still holds considerable sway on overall economic policy.

Mr. Chernomyrdin, 59, also said he would assume oversight of the fuel and energy sectors from the other first deputy prime minister, Boris Nemtsov. Mr. Nemtsov, 38, a likely presidential contender, would be left with the politically unpopular issues of pension and housing reform. His free-market policies have already made him as unpopular as Mr. Chubais with some business tycoons.

While it is not clear that these changes will significantly alter the

course of economic reform, they certainly diminish both men's authority. But Mr. Chernomyrdin will probably continue to pursue basic policies of cutting spending and increasing revenues.

The changes were announced Friday while President Boris Yeltsin was on holiday at a government dacha in northwestern Russia. Mr. Yeltsin has made only brief television appearances since he fell ill last month with a viral infection. But his spokesman said Mr. Yeltsin had approved the changes.

Mr. Chernomyrdin played down the changes, insisting: "There is nothing sensational or extraordinary about this."

Mr. Chubais, never popular with the public or the opposition, has also lost luster in the West. He was fiercely attacked by the financier George Soros last week as being the creator of a system of cronyism and favoritism that Mr. Soros termed "robber capitalism."

Though his business enemies, who all own major newspapers and television networks, may rejoice over Mr. Chubais's removal from control of media policy, he will continue to oversee tax policy.

Some of his most difficult battles have been over tax collection. He was publicly humiliated in December when Mr. Chernomyrdin overruled a decision he made to seize the property of several corporate tax delinquents, including an oil refinery owned by Boris Berezovsky, one of Mr. Chubais's chief enemies.

By keeping Mr. Chubais in charge of tax policy, the government sent a signal — most importantly to the International Monetary Fund, which recently agreed to resume lending money to Russia on the condition that Moscow improve its tax collection.

In Russia, however, the main message conveyed by Mr. Chernomyrdin was about his own ascendancy. Friday night the influential newspaper Izvestia described his assumption of additional power as "unprecedented," and concluded that Mr. Yeltsin had made his choice on an eventual successor.

While that assessment may be premature, there is little question that Mr. Nemtsov, who is far better placed in public opinion polls, is being relegated to issues that are not likely to prove popular to ordinary Russians.

BRIEFLY

Bosnian Serb Post Goes to a Moderate

BIJELJINA, Bosnia-Herzegovina — The election of a moderate Bosnian Serb government won prompt international support Sunday and set the stage for a showdown between Serbian pragmatists and their hard-line nationalist rivals.

The Bosnian Serb Parliament elected a coalition government led by Milorad Dodik of the Independent Social Democrats. Hard-line nationalists boycotted the vote.

"This is a government the international community can work with," said Duncan Bullivant, a spokesman for the international high representative, Carlos Westendorp. (Reuters)

Opposition Link Holds in Germany

BONN — The Greens have decided at a state party congress to remain in coalition with the Social Democrats in North Rhine-Westphalia despite discord over a mining project that the Social Democrats support and the Greens oppose. The 144-to-95 vote makes it more likely the parties will form a coalition in Bonn if they win a majority in September. (Reuters)

Wolf Is Released

DARMSTADT, Germany. — The former East German spy master Markus Wolf has been released after two nights in jail for refusing at an espionage trial to reveal the name of a former agent he ran.

Mr. Wolf, 74, left coercive detention Saturday. The Federal Court ordered the release until it could rule on whether his detention was unjustified. (Reuters)

Charter for Baltics

WASHINGTON — President Bill Clinton signed a charter of partnership with Latvia, Lithuania and Estonia, recognizing a "profound and enduring" interest in their security and independence and pledging support for their aspirations to join NATO. Presidents Lennart Meri of Estonia, Guntis Ulmanis of Latvia and Algirdas Brazauskas of Lithuania also signed Friday. (NYT)

A Post-Protest Feast for French Jobless: Steak and Oysters

Compiled by Our Staff From Dispatches

PARIS — A contingent of jobless protesters took Sunday breakfast in a luxurious Left Bank hotel, hours after dining on oysters and steak at a landmark eatery — meals offered by the establishments and sympathetic clients.

The good cheer accorded protesters fresh from a Saturday march that drew at least 10,000 was not unanimous.

An elite Paris school occupied since Wednesday by jobless militants is filing a complaint against youths who scuffled

Saturday night with the police, France Inter radio reported Sunday.

Groups of extreme-leftist youths who visited jobless people occupying the Ecole Normale Supérieure threw bottles and stones at the police, then dispersed in small streets around the Left Bank school.

The Paris march was one of many around France and the third nationwide demonstration since the jobless movement started a month ago.

After the march, about 40 protesters made their way to the restaurant La

Coupe and, after refusing sandwiches in the basement where employees eat, were winced and dined with weekend customers, one of the protesters said.

At midnight, half of them went on to the Hotel Lutetia, "to sleep in a chic hotel," said Nicolas Chantome, 24, a student supporting the jobless in their quest for increased state aid. The hotel confirmed that, after negotiations, the protesters were allowed to sleep on sofas in the main lounge and were offered hot chocolate, coffee and croissants for breakfast. They left at 6:15 A.M.

The swelling jobless movement looked on Sunday toward the private sector to expand its campaign for higher unemployment payments.

The Communist-led General Confederation of Labor, or CGT, an organizer of the five-week protests with sit-ins at welfare offices, called on jobless militants to turn their focus on private businesses.

"The CGT intends to call on employers and managers to create stable jobs, apply the 35-hour work week immediately and raise salaries so we can

all enjoy full employment," it said. Jobless leaders vowed to keep up pressure on Prime Minister Lionel Jospin, whose government has responded with some emergency aid, a cut in mortgage rates for poor families and hints of higher minimum benefits to come.

Mr. Jospin is scheduled to make a televised speech in midweek in a bid to regain the initiative and refocus the jobs debate on his plan to cut the work week from 39 to 35 hours, the weekly Journal du Dimanche reported. (AP, Reuters)

LIBEL: Trial Pits Oprah Against a Collection of Angry Cattlemen

Continued from Page 1

but one would hope it would get the attention anyway because these are a brand new type of law that fundamentally shifts the burden of proof, and that is designed to chill free speech," said John Stauter of the Center for Media and Democracy and co-author of a new book, "Mad Cow U.S.A."

Mr. Stauter added, "They were put in place by the agribusiness industry, I believe, to intimidate and silence critics and quell discussion and debate of food-safety issues just when we most need that discussion and debate."

The "Oprah" show that sparked this conflict was broadcast on April 16, 1996. That was shortly after British officials announced that mad cow disease had been linked to the deaths of 10 people in Britain who had eaten infected beef and that their brain-wasting ailment may have been spread through protein supplements produced from the ground remains of dead cattle that were fed to cattle in the form of meal.

Howard Lyman, a former

Montana cattle rancher who is a vegetarian activist and an official with the Humane Society of the United States, appeared on the show and compared the mysterious disease and its incubation period to AIDS. In addition, he said it already is rampant among cattle in America, a claim hotly disputed by the cattle industry.

"A hundred thousand cows per year in the United States are fine at night, dead in the morning," Mr. Lyman said on the program. "The majority of these cows are rounded up, ground up, fed back to other cows. If only one of them has mad cow disease, it has the potential to affect thousands."

Ms. Winfrey pointed out that Mr. Lyman's AIDS comparison was "an extreme statement," to which he responded, "Absolutely."

Later, she turned to her audience after Mr. Lyman supplied more details and said: "Now doesn't that concern you all a little bit, right here, hearing that?" The studio audience responded with cheers. "It has stopped me cold from eating another

hamburger," she continued. "I'm stopped!"

After the broadcast, cattle prices plummeted to near 10-year lows, although defense attorneys have disputed the reasons for the drop. But Paul Engler, a cattle feedlot owner here, and other local cattlemen were so incensed by the program that they filed a lawsuit, claiming more than \$12 million in losses.

Judge Mary Lou Robinson of the U.S. District Court has since barred all parties involved in the case from discussing it. But in Amarillo, where the beef industry is a \$3 billion-a-year business and where 25 percent of the cattle in the United States are fattened in feedlots before going to market, the coming trial has produced opportunities for civic promotion and a rally around the cattleman.

Ms. Winfrey, whose top-rated show is watched by millions, plans to tape her daily program here for the duration of the trial, beginning next week, in the Amarillo Little Theater, and all over town, the Oprah Watch is beginning. Has she rented an entire

floor at the Ambassador Hotel? Will she sightsee at the Helium Monument and the Cadillac Ranch, where a number of multicolored Cadillacs are buried nose-down in the earth?

"As far as the spotlight in Amarillo, I love seeing it happen," said Bobby Lee, co-owner of the Big Texan, where a 72-ounce (two-kilogram) steak is free to anyone who can consume it in under an hour and where about 7,000 people have succeeded in that feat since 1962. "Barring another celebrity skiing accident or political scandal, the Super Bowl and the 'Oprah' case will be the biggest things in the country in the next couple of weeks."

Mr. Lee, however, diplomatically remains neutral. "We love the cattle business," he said, "but we love the 'Oprah' show, too."

Interested parties on both sides are predicting a trial lasting from three to six weeks, crammed with medical and scientific witnesses — and revealing, some predict, more about mad cow disease than local cattle ranchers will want to hear.

TAX: Plan to Reward Tipsters

Continued from Page 1

pace, finance officials said. Many are known to favor setting up shell companies in the Netherlands or parking cash in Swiss banks.

Several highly publicized cases have drawn attention to the problem. The father of the tennis star Steffi Graf was imprisoned last year after being convicted of dodging several million dollars in taxes on his daughter's earnings.

Four top executives of Dresdner Bank, the country's

second biggest, were forced to resign recently after acknowledging that they illicitly sheltered money in foreign accounts.

Under Germany's federal system of government, the states are in charge of tax investigations and would be given the autonomy to decide whether and how much to pay their various informants. But officials are already expressing reluctance about heading down a dubious road that was followed in the past by totalitarian German regimes.

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THE WORLD'S DAILY NEWSPAPER

INTERNATIONAL

As Israelis Toil, Arafat Waits

Palestinians Pin Hopes on Meetings With Clinton This Week

By Serge Schmemmann
New York Times Service

JERUSALEM — While Prime Minister Benjamin Netanyahu and his ministers have been working overtime to prepare an arsenal of claims, resolutions, strategies and demands for his meeting with President Bill Clinton this week, Yasser Arafat has mostly been waiting.

That might give the impression that after decades of eluding Israeli hit men and withstanding American ostracism, the old survivor has found himself outmaneuvered in the peace, with nothing left save a slim hope that the Americans might rescue him.

Indeed, Mr. Arafat and his Palestinian Authority are in a tough predicament. Four and a half years after the Oslo agreements were signed, an Israeli government is back to treating the Pal-

estinians as a conquered nation, and Mr. Arafat as a closet terrorist. The big debate in Mr. Netanyahu's cabinet is over what the Palestinians must do, and what the Israelis must keep.

The debate reflects the long-standing conviction of the Israeli right that the Jews have no need, indeed no right, to

NEWS ANALYSIS

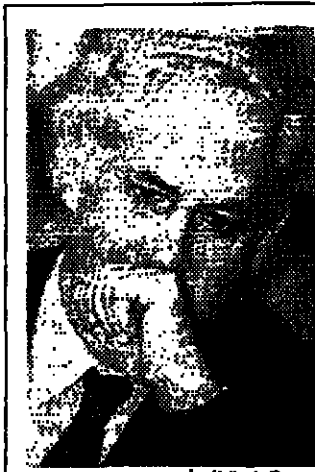
cede the Land of Israel to Palestinians, or to entrust the security of Jews to anyone. That was the essence of Mr. Netanyahu's victorious election oratory.

There is no question that the election failure of his partners in Israel's Labor Party 19 months ago was a major blow to Mr. Arafat, or that he is dismayed by the direction the Oslo process has taken since. His lip trembles with stress, and he has reverted to his old custom of rush-

ing around the world to rally support. Palestinian television regularly shows him at some Third World airport, repeating a mantra: "I am not asking for the moon. All I want is to implement accurately and honestly what has been agreed upon."

Likewise, Mr. Arafat's lieutenants continue issuing the ringing statements and veiled threats that accompany every tangle with Mr. Netanyahu. Saeb Erekat, a senior negotiator, declared last week: "We urge the American administration to stand up and tell Netanyahu, 'Enough,' because otherwise all that will be left of the peace process is memories."

If the process breaks down, said Abu Ala, the chief negotiator of the second Oslo agreement, "Arafat can do many things. If there is no progress, he can freeze the situation as it is, with no war, no peace, occupation and resistance.



Mr. Netanyahu during the cabinet meeting Sunday.

Cabinet Delays West Bank Decision

The Associated Press

JERUSALEM — The Israeli cabinet on Sunday delayed any decision on how much land to give up in a West Bank withdrawal until after Prime Minister Benjamin Netanyahu returns from a meeting with President Bill Clinton on Tuesday.

The United States had been pressing Israel to announce a speedy and significant withdrawal at the White House meeting.

But Deputy Defense Minister Silvan Shalom said the cabinet ministers had not made any decision on percentages at Sunday's meeting.

A statement said that after Mr. Netanyahu returned, the cabinet would set a "ceiling" of the maximum amount of West Bank land it would turn over to the Pal-

estinians in the promised withdrawal. It added that the withdrawal would only take place if the Palestinians fulfilled their obligations.

The cabinet last week issued a 12-page list of demands, most dealing with security, that it said the Palestinians would have to meet before Israel went ahead with the withdrawal, promised in an accord signed by Mr. Netanyahu's government.

The Palestinians have accused Israel of trying to evade its U.S.-backed pledge to carry out three withdrawals by mid-1998.

Mr. Netanyahu, who faces serious opposition within his cabinet to any handover of land, has said he wants to carry out just one withdrawal and move directly to talks on a final peace settlement.

Iraqi Envoy, Wife, and 6 Others Slain

The Motive Is Unclear For Killings in Amman

Compiled by Our Staff From Dispatches

AMMAN, Jordan — A top Iraqi diplomat, his wife and six other people were stabbed to death in a villa in the capital just after a meal marking the end of their daily Ramadan fast, officials said Sunday.

The motive for the Saturday night slayings was unclear, but Jordanian security officials believed the target may have been the owner of the villa, an Iraqi businessman who reportedly has run companies for President Saddam Hussein of Iraq. The diplomat had been invited to the home for dinner.

Six Iraqis and two Egyptians were killed in the attack, first disclosed by the Iraqi government, which identified the diplomat as Hikmet Hajon. Officials in Jordan said he was the deputy chief of mission at the Iraqi Embassy.

An activist with the Jordan-based Iraqi National Accord, an opposition group, told The Associated Press by phone that Mr. Hajon was a career diplomat who had been in Jordan for about three years.

The activist ruled out involvement by Iraqi exiles in Jordan, saying he believed the attacks were the result of internal Iraqi feuding. He spoke on the condition his name not be used.

In a separate development, Iraq said Sunday that it would release all Jordanian prisoners in its jails and immediately halt legal proceedings against Jordanians in its courts. There are believed to be 60 to 100 Jordanians in Iraqi jails.

The official Iraqi news agency INA said Mr. Saddam had ordered their release after a meeting with a leading Jordanian opposition figure, Leith Shubailat.

The stabbing occurred in the Amman suburb of Rabyeh at the home of Sami George Thomas, Jordanian security officials said.

Mr. Thomas, who was killed in the attack, is believed to have had business ties to Mr. Saddam and to his eldest son, Qadaf, for a decade or so. He has lived in Jordan for several years.

One of the two Egyptians worked for Mr. Thomas, and the other was a friend of the employee. An Egyptian woman survived the attack and was hospitalized.

In its statement disclosing the attack, the Iraqi government described the killings as "a heinous crime" and demanded an immediate investigation by Jordan.

Relations between Iraq and Jordan soured in December, when Iraq executed four Jordanian students convicted of smuggling \$850 worth of auto parts.

The undersecretary of the Iraqi Foreign Ministry, Saad Faisal, and a senior Iraqi security official were sent to Jordan to pursue the matter with Jordanian officials, the statement said.

"Iraq is deeply concerned about the repeated and unprecedented attacks on its diplomats in Jordan," the statement said. (AP, Reuters)

Arafat Unwelcome at U.S. Holocaust Museum

By Barton Gellman
Washington Post Service

WASHINGTON — The Palestinian leader, Yasser Arafat, who had been persuaded by the Clinton administration to pay a groundbreaking visit to the U.S. Holocaust Memorial Museum this week, has angrily canceled the plan after museum officials rebuffed his overture.

Conceived as a gesture of reconciliation by the U.S. deputy special Middle East envoy, Aaron Miller, Mr. Arafat's visit would have been the first to the exhibition on Nazi genocide by a major Arab leader and a highly symbolic acknowledgment of the defining event of the century for many Jews.

But with the visit now in ruins, the episode has become the latest irritant in the faltering talks between Israel and the Palestinians.

Mr. Arafat is due in Washington for talks Thursday with President Bill Clinton, who will also meet Prime Minister Benjamin Netanyahu of Israel this week in an effort to inject new urgency into their stalled negotiations.

Mr. Miller and his superior, Dennis

Ross, both of whom serve on the panel that functions as the Holocaust museum's board of directors, suggested the visit to Mr. Arafat through intermediaries after believing they had won the consent of Miles Lerman, a death camp survivor who is chairman of the U.S. Holocaust Memorial Council.

But museum sources said members of the American Jewish community warned Mr. Lerman and the museum's director, Walter Reich, that Mr. Arafat "is Hitler incarnate," as an official put it, and must not be welcomed in the memorial to Hitler's victims.

When Mr. Lerman and Mr. Reich informed Mr. Arafat that he could visit the museum only as an individual, without the special measures for security and protocol routinely accorded world leaders, Mr. Arafat struck the visit from his schedule.

Secretary of State Madeleine Albright, speaking Sunday on the NBC program "Meet the Press," said of the proposed visit to the museum: "We felt that it was inappropriate. It would have been an important symbol."

Mr. Lerman said the subject of Mr. Arafat and Israel's talks with the Pal-

estinian Authority still profoundly divided U.S. and world Jewry and "we believe the museum should not get involved in a political dispute where half of the people are for something and half are against it."

He said, "If and when the day will come when peace will be established between the state of Israel and the Palestinians, then we will be more than happy to receive Arafat as a leader and celebrate that achievement."

Among Mr. Arafat's advisers, ever sensitive to loss of face, a tightly restrained sense of grievance prevails.

"We didn't create this idea," Nabil Abu Irdineh, who notified Mr. Arafat of the snub Thursday night, said in a telephone interview from the West Bank city of Nablus. "He said yes. They are saying no. It's as simple as that."

"We have been extending our hands since the days of Rabin, and our hands are still slapped. Somebody is still living in the past."

Mr. Lerman and the museum's spokeswoman, Mary Morrison, emphasized that the federally funded memorial could not lawfully turn away any individual and would make no at-

tempt to do so if Mr. Arafat simply turned up.

But Mr. Lerman added that the museum would not extend Mr. Arafat the formal courtesies that are routine for other world leaders, and museum officials said they well understood that withholding special coordination in effect rendered the visit impossible.

"You're obviously not going to have Yasser Arafat standing in line to get a pass," an official said.

Israeli Museum's Invitation

Mr. Arafat is weighing an official invitation to an Israeli museum devoted to the memory of the Jews killed in the Holocaust, Reuters reported Sunday from Jerusalem.

An Arafat adviser, Ahmed Tibi, said the Yad Mordechai museum near Palestinian-ruled Gaza had extended an official invitation after the U.S. Holocaust Memorial Museum scuttled Mr. Arafat's visit.

"We will study the request and discuss it seriously," Mr. Tibi said on Israel Radio, confirming the invitation from Yad Mordechai, a kibbutz founded in 1943.

IRAQ: 'Jihad' on Sanctions

Continued from Page 1

day added a new element to the tension already surrounding the arrival Monday of the chief United Nations arms inspector, Richard Butler.

In two days of talks with Iraqi officials, Mr. Butler is expected to ask for unrestricted access for his inspectors and an end to standoffs over the composition of inspection teams, which Iraqis say have a disproportionate number of Americans.

On Saturday, Mr. Saddam threw the talks with Mr. Butler into new territory by threatening to stop inspections altogether within six months if economic sanctions, imposed after the 1990 Iraqi invasion of Kuwait, were not lifted. The UN Security Council ruled after the Gulf War that the sanctions would stay in place until all weapons of mass destruction and the means of making them were eliminated from Iraq.

Baghdad has said numerous times that it has met the requirements. United Nations inspectors say they are far from closing the books.

Even Iraq's most sympathetic friends on the Security Council, the Russians, French and Chinese, would be very hard pressed to defend Iraq if the inspectors were expelled.

Such an act would put Baghdad in incontrovertible violation of Security Council resolutions that allow military enforcement. The question that remains, however, is whether the United States would return to the council for explicit authorization to attack Iraq — and whether other council members and foreign capitals in general would approve military strikes. The Arab world is already ill-disposed toward the United States because of problems with the Middle East peace accord.

Furthermore, Iraq targets would be difficult to choose without assuming many civilian casualties, Iraqis say, because government installations are scattered around Baghdad.

Hitting targets in some weapons pro-



Women who joined a paramilitary group after President Saddam's call to arms making the victory sign Sunday.

grams would also have a needle-in-a-haystack quality. In the case of biological agents, experts in Europe and the United States say, large quantities of germs and toxins can be manufactured in very small laboratories with fewer than a dozen people.

UN Is United, Albright Asserts

Brian Knowlton of the International Herald Tribune reported from Washington.

Rejecting suggestions that the Iraqi leader has driven a wedge between members of the UN Security Council who disagree on how to deal with him, Secretary of State Albright said that those "who think they can defend Sad-

dam Hussein are basically finding it harder and harder."

Rather than gaining from the recent crisis, she said, Mr. Saddam had drawn more international attention to the "fact he may have biological and chemical weapons, by acting as if he can't deal with an inspection that is going to look at it."

While the United Nations has said that its sanctions will end when Baghdad complies with all the Gulf War resolutions, Bill Richardson, the U.S. representative to the United Nations, offered no hope that that would happen soon.

"There are no prospects for the sanctions being lifted," he said. "There is no prospect, there is no one country saying sanctions have to be lifted."

Iraq has complained that such assertions leave it with little incentive to cooperate.

But Mrs. Albright, while expressing U.S. exasperation, also called for patience. "It's very important for us to pursue the course that we're on," she said. She said there was no "time frame" for possible use of military force.

"We are determined and patient to make sure that Saddam carries out what he must," Mrs. Albright said.

Britain on Friday sent the aircraft carrier *Invincible* to the Gulf from the Mediterranean to back up diplomatic pressure on Iraq. But the British defense secretary, George Robertson, dismissed Mr. Saddam's speech as "bluster."

CUBA: Embracing Catholicism, Country Prepares for Pope's Visit

Continued from Page 1

Christmas a national holiday and ran a Christmas message from the Pope on the front page of the Communist Party newspaper Granma.

Cardinal Jaime Ortega was given a half-hour on television last week to address the nation.

In a six-hour televised appearance Friday night, President Fidel Castro urged Cubans to attend the Pope's public events, including Masses in Havana and three other towns. Fleets of government buses will be used to transport Cubans to the Masses, and a replica of the Virgin of Charity, Cuba's patron saint, is being bused around the country to each Catholic church for worship ceremonies.

The Pope's trip will most certainly bring a clarion call for the Cuban state to grant a broader role to religion in society.

"We have a lot to teach the people, but we do not want privileges," said Orlando Marquez, director of the Catholic Church press office. "We want our place in society recognized."

Mr. Castro hopes to benefit from the pontiff's presence by gaining renewed legitimacy internationally for himself and

the country's communist system while conveying the message that Cuba is opening up to the world, which in the long run could attract needed foreign investment.

More importantly, Cuban officials here said, Mr. Castro is hoping the Pope will criticize the long-standing U.S. economic embargo against Cuba.

In general, the Pope has spoken out against such sanctions, saying they are a cruel form of punishment that afflicts ordinary, innocent people the most.

The Pope's visit and the new concessions it has brought from the Castro government culminate a comeback by Cuba's churches that has been under way since the early 1990s. Throughout Cuba, the number of baptisms has increased significantly, as has attendance at Sunday Masses, though overall church participation remains lower than in other Latin American countries.

Last year, the government agreed to grant work visas to about 50 foreign priests and nuns to replenish the nation's aged, depleted corps of clergy, decimated at the end of the revolution in 1959 when hundreds of them were expelled or opted to leave.

To a large extent, what is being played

out today between the Catholic Church and the government is the result of changes begrudgingly undertaken in the early 1990s, when the Communist Party opened its ranks to those with religious convictions. Soon after, the constitution was revised to stipulate that the nation was no longer an atheist state but a secular one that would acknowledge religious choice.

Analysts and party officials said the shift in the government's official position was driven by the realization that the state had to broaden its support to survive the tumultuous aftermath of the collapse of the Soviet bloc. That implosion took with it billions of dollars in financial aid that Cuba had depended on from its communist allies, sparked an economic crisis, and isolated this small, impoverished nation.

While the Catholic Church is clearly the biggest beneficiary of the Pope's visit, religious leaders and observers say, other denominations will also gain to the extent that the pilgrimage will raise the profile of religion.

But one of the most compelling aspects of the papal visit is the fact that two septuagenarian leaders, each a shrewd and charismatic revolutionary, will meet face to face.

No Cuban Visas For Miami's Press

The Associated Press

MEXICO CITY — On the weekend before Pope John Paul II's arrival in Cuba, the government had not issued visas for at least 20 foreign journalists.

The Pope's visit to the Caribbean island begins Wednesday. Cuban officials said over the weekend that more than 3,000 foreign journalists had received visas, including three from the U.S. government's Voice of America.

"I am not going to tell you how many visas we did not approve but look around, everyone is here. All the networks are here," Cuba's international press director, Frank Gonzalez, said in Havana.

Among those who had not received visas as of Saturday were 16 journalists at the Miami Herald, and its sister Spanish-language publication, El Nuevo Herald. At least one Mexican and three Argentine journalists also had not received visas.

The Herald reported Saturday that more than 60 reporters, more than half from the Cuban exile stronghold of Miami, had not been granted visas.

BRIEFLY

Canadian Blackout Lingers for 700,000

TORONTO — About 700,000 people in Canada remained without power Sunday in the wake of the country's worst ice storm in memory.

In Quebec, worst hit by the blackout, 252,000 households and businesses were still waiting to be reconnected, and Hydro-Quebec said many would have to remain a third week without power. In some rural areas, the power could remain shut down into February.

Rebels Seize Town In Sierra Leone

FREETOWN, Sierra Leone — Hundreds of Kamajor hunters captured the Sierra Leone diamond town of Tonkolili after a battle with troops loyal to the military government, a junta spokesman said Sunday.

Colonel John Milton said hundreds of the traditional hunters had besieged the town for two weeks.

The Kamajors oppose the junta that toppled President Ahmad Tejan Kabbah in May. Diamonds are the junta's main source of income. (Reuters)

Accord in Guyana

GEORGETOWN, Guyana — Guyana's president and the main opposition leader have signed an agreement to end an impasse over last month's presidential elections.

Under the accord, made public Sunday, President Janet Jagdeo and former President Hugh Desmond Hoyte of the People's National Congress agreed to end street demonstrations and to institute constitutional reform that will pave the way for a new election within three years.

They also agreed to an independent audit of the results of the Dec. 15 elections won by Mrs. Jagdeo's People's Progressive Party/Civic alliance. (Reuters)

Herald Tribune

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Japan Isn't Cooperating

No one can yet measure how much impact Asia's financial crisis will have on the U.S. economy, but the political fallout is already beginning. Members of Congress are lining up to attack the IMF-led bailouts, from both the left and the right. And as the U.S. trade deficit soars — as it surely will this year — attacks on Clinton administration trade policy, and on the principles of open trade, also are certain to escalate.

Some of this cannot be helped; some increase in the deficit, and some accompanying political friction, is inevitable. As the currencies of South Korea, Thailand, Malaysia and Indonesia lose value, U.S. goods there become more expensive, while their goods become cheaper in America. Moreover, those hard-hit countries are now heading into recessions that will leave their consumers less able to buy American or local products. Their only hope of recovery is to sell more to customers who are still relatively flush — that is, to Americans.

Their increased exports to America are by no means all bad. U.S. consumers will have more goods available at lower prices, and that will help keep inflation in check. But it will also lead to job losses for some American workers. Fortunately, Southeast Asia's economies, and even South Korea's, are small enough compared with the U.S. economy that the effects will be small.

Japan is another story. As the world's second-largest economy, its trade has a more measurable effect. And, unlike the reeling nations of Southeast Asia, it has a choice. Yet it, too, is in the process of seeking to export its way out of trouble, relying on America to shoulder the burden both of Japan's problems and of the rest of Asia's. This cannot be allowed to happen.

Japan's "bubble" economy burst at the beginning of this decade, as over-inflated stock and real estate prices came crashing down. Since then Japan has compiled one long record of economic mismanagement. Bad loans were swept under the rug instead of being confronted honestly. Deregulation of Japan's closed market was re-

peatedly promised, never delivered. One effect of the mismanagement was to depress the value of the yen, which helped spur Southeast Asia's collapse while increasing Japan's trade surplus with the United States.

Last spring, just as Japan's economy was finally showing signs of recovery, its government proposed a tax increase. Treasury Secretary Robert Rubin and just about everyone else warned that the increase would choke off Japan's recovery — and that, in the absence of domestic demand, Japanese companies would have to export more to the United States. Japan's government went ahead with the tax increase, the economy plunged back into recession and Japan's trade surplus with the United States is heading up. And since much of Southeast Asia's growing surplus with the United States will be composed of products from Japanese-owned companies, the surplus is actually larger than the statistics suggest.

If Japan were truly a hopeless case, the growing surplus — with all the political problems it is bound to create — might be accepted as inevitable. But Japan is the world's largest creditor nation. It has a vast current account surplus with other countries. Its budget deficit right now is not structural but cyclical, largely the effect of the recession that its own policies have helped create. What is going on in Japan is not so much an economic failure as a failure of political will.

Recently Japanese officials have published more honest figures on the extent of their banks' bad-loan problem, which is an important first step. The government has promised — again — to deregulate, and also to fix its bank problem and enact a very modest, one-time tax cut. But even if this time the government follows through on its pledges, these policies are too little too late. The time has come for Japan to stimulate its economy in a major way, in order to reduce its surplus with the world, provide an additional market for Southeast Asia and do its part as a major world power.

—THE WASHINGTON POST

An Indian Dynasty

A paradox of India's democracy is that the long-ruling Congress Party has survived less by keeping faith with its ideals than by keeping alive the dynastic flame lit by the founding prime minister, Jawaharlal Nehru. Now once again in a moment of trial the party has called on a Nehru heir, the reclusive Italian-born widow of Prime Minister Rajiv Gandhi, to try to reclaim power.

The spectacle of Mrs. Gandhi, a woman of no known political opinions, setting foot in the political world was as dramatic as it was troubling. Since the murder in 1991 of her husband, politicians have descended on her white-washed bungalow in New Delhi beseeching her to enter the arena that she could not abide when her husband was alive. After cradling the bullet-ridden body of her assassinated mother-in-law, Prime Minister Indira Gandhi, she lived in terror of the same fate felling her husband and later her children.

In recent years Mrs. Gandhi has kept out of sight. Although she is not seeking office herself, she risks enflaming die-hard Hindu nationalists who are already warning about a "Rome Raj" and demanding a renewed investigation into alleged foreign payoffs to the Gandhi family. Whether she can translate her popularity into political clout is uncertain. At her appearance last week near the site where her husband was killed by a bomb, she said she merely wanted to honor her husband's principles. Her speech, in English, galvanized party workers and lifted hopes of picking up seats in Parliament.

Most remarkable was the presence of the Gandhi daughter Priyanka, who bears a stunning resemblance to the young Indira Gandhi, Mrs. Gandhi's daughter, when she was herself plucked from the shadows to serve as a figurehead in 1966. Congress bosses then referred to her as a "dumb doll," but she soon seized control and ousted them, foreshadowing a taste for political revenge. Distrustful of the party hacks, Indira Gandhi leaned on her son, Sanjay, and groomed him to succeed her. When he died while stunt-flying in 1980, she got her older son Rajiv, an airline pilot, to step in. Sonia Gandhi opposed the move but failed to stop it. "I was angry and resentful toward a system which, as I saw it, demanded him as a sacrificial lamb," she has said.

There has long been talk that Priyanka Gandhi, who is married to a Punjabi businessman, is fascinated by politics, more like her grandmother than her father. It seems likely that she will come under great pressure to run, perhaps in one of the Ganges River plain districts represented by her father and grandmother.

It is tempting to see Mrs. Gandhi's speech as evidence of the party's bankruptcy. Engulfed by rising sectarian conflict, its inner councils are dominated by bosses with little vision. The party president, Sitaram Kesri, is an elderly practitioner of caste-based patronage who has driven many Congress politicians to defect, some to the Hindu chauvinist Bharatiya Janata Party.

The final irony is that one of the most devastating and prophetic critiques of the Congress Party's troubles came from Rajiv Gandhi himself in 1986. At the party's centenary celebration in a Bombay cricket stadium, he wore the traditional white cotton cap and tunic of the freedom movement but declared that the party had lost its way.

"We talk of the high principles and lofty ideals," he asserted. "But we obey no discipline, no rule, follow no principle of public morality, display no sense of social awareness, show no concern for the public weal." If the next generation of the Nehru dynasty is to do better than the last, it will have to capitalize on its name to build an organization standing for more than its own perpetuation in power.

—THE NEW YORK TIMES

Other Comment

Kurds Are Testing Europe

The idealistic motto of "ever closer union" may sound nice, but when it comes to applying it to the real world, it encounters nationalistic and political hurdles, as well as external factors which require strategic planning and action. The EU does not "think with one head." Even small numbers of migrants and asylum-seekers confront it with seemingly insurmountable problems. Western Europe is unlikely to find an effective solution to the problem in the foreseeable future.

—Neue Zürcher Zeitung (Zurich).

The Asia Bailout Will Have to Hurt Lenders, Too

By Thomas L. Friedman

WASHINGTON — Treasury Secretary Robert Rubin better hurt somebody fast. Citibank would do, or maybe his old partners at Goldman Sachs. Or maybe his old competitors at J.P. Morgan. Or better yet, all of them. But he better hurt somebody, fast.

Because if Mr. Rubin cannot show that as part of the U.S.-led IMF bailout of South Korea, Indonesia and Thailand the U.S., European and Japanese banks that lent these countries money will also pay a price for their mistakes, he can forget about getting any more money out of Congress for the IMF.

Congress returns next week, and you can already hear the tom-toms beating: "No More Money For The IMF, Let The Asians Go Bust."

Mr. Rubin needs to do two things if he wants to save U.S. funding for the IMF bailout. He needs to speak to America and draw blood on Wall Street.

He needs to explain to Americans precisely why the Asian bailout is valid. And he needs to make sure that any U.S. bank that was involved in loans to Asia, and now wants to share in the IMF bailout, has to take a haircut. And I'm not just talking about a trim.

So far the Clinton team has failed

miserably to make a convincing argument as to why the United States should make its overdue deposit to the IMF — \$17.9 billion — and why this will not end up as welfare for Asian tycoons and U.S. bankers.

(Most Americans don't even realize that the IMF is a credit union for countries. The United States does not "give" the IMF anything. It deposits funds in the IMF bank. The IMF pays the United States interest, and then lends money to troubled economies.)

Consider South Korea. Its private banks borrowed \$92 billion from foreign banks. Those foreign banks are saying to South Korea that they will extend the loans, to get the Koreans past the short-term debt crunch so they don't have to declare bankruptcy, but only on the condition that the South Korean government take over responsibility for that bank debt and pay it back with even higher interest over the long term. An IMF loan now gives South Korea the cushion to take the deal.

Opponents argue that South Korea is much better off letting private compa-

nies go bust and having them bought out or restructured by more prudent and efficient managers, and that the world is better off letting the foreign banks also get burned so that they will be less reckless in the future. Those are not ridiculous arguments.

What U.S. officials remember in response are two arguments: One is that the collapse of huge economies like South Korea or Indonesia could present a real national security problem for the United States. Maybe.

The more compelling argument is the domino theory — that if huge economies like South Korea, Thailand and Indonesia are allowed to just go bankrupt, they will take down other emerging markets, from Asia to Latin America, and likely drag down Japan. And if the world's second-largest economy goes down, that will seriously affect U.S. interest rates and markets.

It will not just be Billionaire Bob who takes a hit, but also Joe Sixpack's pension fund, mutual fund and, maybe, job. Millions of workers in developing countries would also be ruined.

This domino argument may be exaggerated, but testing it by seeing what happens if the Asian tigers are left to

melt down would be the greatest roll of the dice of the post-Cold War era. It is reasonable that the U.S. Treasury secretary would not want to take that risk. So what to do? The United States must insist that if both borrowers and lenders being bailed out receive no more than 75 cents on the dollar for any money invested and lost.

The United States also has to use its influence to try to ensure that, in restructuring a country's debts, that country is not forced to pay exorbitant additional interest. The worst thing would be that the IMF bails out a country and Western banks profit even more from their own mistakes.

It's a fine line. People need to be hurt, so that they think twice in the future. But not killed, if there is a chance that they can recover.

An IMF bailout that makes reckless banks and investors whole again will never fly. An IMF bailout that punishes both reckless banks and investors, but still leaves them some space and buys them some time to make real business and governance reforms, is both good economics and good politics.

The New York Times

Now the Idea Will Be to Blast Iraq's Weapon Facilities

By Jim Hoagland

WASHINGTON — If Iraq's defiance of UN arms inspections forces President Bill Clinton to order U.S. military strikes, America's top soldier will not waste time trying to bomb Saddam Hussein into resuming inspections or making other political gestures.

General Henry Shelton will instead go after the chemical, biological or nuclear facilities that Iraq has sought to conceal. General Shelton would go in discussing options.

The Shelton approach is not just a shift from Vietnam-era thinking. It also reflects a still coalescing change in the way the United States will now respond to the spread to hostile or irresponsible nations of chemical, biological and nuclear arms — weapons of mass destruction, or WMD in the jargon of doomsday thinkers.

American policy has long been based on nonproliferation, on active resistance to other nations acquiring the most deadly armaments that mankind has yet developed. But increasingly planners are thinking in terms of counterproliferation, of figuring out how to contain, destroy or defend against a genie that cannot be put back in the lamp.

America's deep military and

would instead set out to destroy the facilities that Saddam is trying to protect.

"If you cannot inspect, then in fact you have to look at what other means you have to ensure that weapons of mass destruction do not remain as a bigger tool in his hands than they are right now." That was as far as General Shelton would go in discussing options.

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America's deep military and

diplomatic involvement in the Gulf, and the separate challenges that Iraq and Iran represent for that involvement, bring the shift to counterproliferation to a head and into public view. Until now the existence and meaning of this change have largely been a matter for the expert community and the Pentagon to debate.

The continuing confrontation with Iraq is not just about Saddam Hussein's villainies. The world has caught a glimpse of the worst-case scenario of the future, and despite enormous effort has not succeeded in destroying weapons of mass destruction out of the hands of an outlaw state subject to history's most intrusive and hostile inspections and embargo.

While supposedly under "normal" international restraints, Saddam's agents were able to begin work on a secret nuclear bomb, develop a chemical and biological arsenal and produce warheads to deliver those weapons by missile.

The UN inspections since 1991 have been courageous and superbly managed, and have destroyed much of Saddam's ter-

ror trove. But even after this effort, Defense Secretary William Cohen recently acknowledged that Iraq retains the ability to make chemical and biological weapons in a matter of hours or days. And he ordered all U.S. military personnel immunized against anthrax attack.

The orchestration of the administration's response to the Iraqi crisis has been designed to prepare the American public for a shift to counterproliferation as a fact of life and strategy on the bridge into the 21st century.

Face it, Mr. Cohen's unspoken subtext was saying. We cannot prevent the Iraqis and Libyans of the world from getting or building these nasty things. We have to build up our defenses against them and be prepared, as General Shelton says we are in Iraq, to destroy what we can when we can.

This is not said explicitly, not only because it is grim news but also because it raises a question that the administration seems not to have answered for itself yet: Who elected the United States and its armed forces as primary protector of the world against WMD?

President Clinton inherited that role in the case of Iraq

because of George Bush's commitment to leadership in freeing Kuwait and protecting Gulf oil access, goals (barely) endorsed by Congress.

Americans have not yet pronounced themselves willing to take the lion's share of risks in the name of global counterproliferation. But the question is forcing itself on them as the abandonment of nonproliferation becomes more apparent.

In neighboring Iran, the ayatollahs have shown beyond reasonable doubt that they are pursuing the capability to build nuclear weapons and long-range missiles to deliver them. Iran also has impressive stockpiles of chemical weapons.

The United States now has 28,000 members of its armed forces on duty in the Gulf, a region where 25 years ago U.S. troops numbered in the low hundreds and Washington let regional allies guard against strategic threats. This growing burden has been acquired more through drift and inaction than by clearly explained strategy and the involvement of the American public. The need for open counterproliferation action will soon change that.

The Washington Post

The Palestinians Aren't Keeping Their Security Pledges

By Charles Krauthammer

WASHINGTON — "1997 — The Year of Hating Bibi." That is the title of a remarkably searching, self-critical article by a member of Israel's "peace camp" on the unnatural hostility ("a psychosis of hatred") of Israeli liberals toward Prime Minister Benjamin Netanyahu. Even more remarkably, the article appeared in Israel's leading liberal newspaper, Ha'aretz.

The author's point is that as the bitter fruits of "peace" have become apparent — unprecedented levels of terrorism, endemic insecurity, an unending string of broken Palestinian promises — the peace camp has found a way to avoid facing its disappointment with its Arafat gamble by heaping abuse on Mr. Netanyahu.

Heaping such abuse is not just a specialty of Israeli liberals. It

has become a hobby of their U.S. branch, which, for example, finds it congenial to liken Likud to the Communist Party of Russia, and to join the State Department's disgraceful blaming of (who else?) Mr. Netanyahu for the administration's failure to keep Saddam Hussein in check.

With Mr. Netanyahu coming to Washington to see Bill Clinton this week, the propaganda machine has started up again. The theme? That Mr. Netanyahu has cooked up yet another ruse to derail the peace process.

The ruse? That as a condition for Israel's next West Bank withdrawal, the Palestinians must fulfill the commitments they made exactly one year ago (in return for Israel's last withdrawal, from Hebron) and have since ignored.

There is no better illustration of the comical one-sidedness of the peace process: Israel's demand for Palestinians' compliance with their own written obligations is deemed sabotage.

What are these demands? • Change the Palestinian National Covenant to remove the clauses that call for Israel's destruction.

• Fight terror and prevent violence. This includes extraditing terrorists, confiscating illegal firearms and preventing hostile propaganda, like that from Palestinian officials and official media that accuse Israel variously of injecting Palestinians with AIDS, poisoning their food, planning to destroy Al Aqsa Mosque ("with the creation of artificial earthquakes") and propagating the fiction known as the Holocaust.

• Reduce the size of the Palestinian police force, now more than 12,000 above the level allowed under the Oslo accords.

• Close Palestinian Authority offices in Jerusalem.

These commitments are contained in the official "note for the record" drawn up by the United States at the completion of the Hebron accord last year. Sound sensible? Not to Bibi-phobes. Take The New York Times. Its front-page lead story on Wednesday reported that these demands are essentially Netanyahu inventions.

"In fact," wrote correspondent Serge Schmemmann, "the 'note for the record' signed by" Warren Christopher, who was secretary of state at the time, "included none of these requirements."

But there is no "note for the record" signed by Mr. Christopher. And the official "note for the record," authored and signed by U.S. Middle East envoy Dennis Ross, contains, under the heading "Palestinian Responsibilities," every single measure cited above.

"The Palestinian side reaffirms its commitments to the following measures: (1) Complete the process of reviving the Palestinian National Charter. (2) Fighting terror and preventing violence ... preventing incitement and hostile propaganda ... [extradition of] suspects ... confiscation of illegal firearms. (3) Size of Palestinian Police will be pursuant to the Interim (Oslo) Agreement ..." etc.

How can any fair-minded observer consider reciprocity anything but an unobjectionable, indeed essential, condition for a peace process?

Mr. Netanyahu was elected by a majority of Israelis not because he promised a jihad against the Arabs but because he promised peace with security. How? Through reciprocity: You give, we give; you renege, we stand firm. No more one-way street.

The Hebron agreement was to be the hallmark of reciprocity. Mr. Netanyahu got Likud, for the first time in its history, to agree to a withdrawal from part

of the Land of Israel, a very significant part, in return for several Palestinian commitments, every one of which has since been violated.

It is now up to Mr. Clinton. The United States brokered the Hebron deal, enshrining these Palestinian obligations in the "note for the record." If Mr. Clinton treats his own Hebron agreement as a dead letter — an Israeli withdrawal to be pocketed, Palestinian commitments to be ignored — what possible confidence can Israel have that the next withdrawal will not be yet another betrayal?

Washington Post Writers Group

Unrealistic Israeli Demands Invite Trouble

IN 1995, while I was running Israel's internal security service (the Shin Bet), my officers presented strong evidence that Yasser Arafat would never agree to extradite terrorists.

So I advised Prime Minister Yitzhak Rabin that the extradition clause being discussed by negotiators of the second Oslo peace accord was unrealistic.

Mr. Rabin said he agreed with me, but that Israel's negotiating strategy required that the clause be included in that accord.

Now the Israeli government says Palestinian compliance with this same unworkable

clause will help determine whether the peace process continues. It is basing its conditions on a legalistic reading of provisions of the Oslo compact that we now know are both impractical and non-essential.

This will confirm Palestinian fears that the current Israeli government will not meet even their most minimal aspirations. It may well spell the end of the peace process and prompt the kind of angry Palestinian violence that will make the intifada seem like a tea party.

—Carmi Gillon, writing in The Washington Post.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Chinese Market

PARIS — The Berlin correspondent of the *Times* telegraphs: The speech of Sir Michael Hicks-Beach to the Swansea Chamber of Commerce has excited a good deal of attention. The *National Zeitung* remarks that no one desires to close Chinese markets to the commerce of the world, but if the possession of Hong Kong by England is consistent with freedom of trade, the occupation of Port Arthur by Russia can doubtless also be reconciled with the same policy.

1923: London Morals

LONDON — London shocks Mrs. Van Winkle, who is of the Washington, D.C., police department. She came here to study social problems. "I am shocked," she says, "at the English fashion of dancing in evening dress at reputable hotels on Sundays. We do not per-

mit this in America. The sight of unchaperoned girls too, made me stare." However, Mrs. Van Winkle did admit that English girls' dresses are in better taste than those of American girls.

1948: Red Sabotage

VIENNA — Sabotage and strikes was the role allocated to the Communist party in Austria in the Cominform attack on the European Recovery Program here. At a recent meeting in Budapest between Austria's top Communist planners and Matyas Rakosi, Moscow-trained Hungarian Communist whip, the Austrians were told to effect industrial slowdowns, machinery sabotage and hunger demonstrations. The Austrian Communists were told to redouble their efforts to combat the recovery program because Austria has been singled out for special United States interest with the recent grant of interim aid.

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By Sandra Blakeslee
New York Times Service

LANGUAGE evolution remains a profound mystery. Sometime within the last 2 million years, two-legged primates, or hominids, developed the ability to talk with words, a dazzlingly difficult skill, said Dr. Terrence Deacon, a biological anthropologist at Boston Uni-

Because chimpanzees cannot talk or play the violin, what does the finding mean? Aside from the obvious fact that the common ancestor of chimpanzees and humans had this brain asymmetry 8 million years ago, Dr. Gannon said there are three possibilities.

First, the asymmetry in the common ancestor is unrelated to language or communication. But later on, humans

"I think this study provides a strong demonstration that this particular brain asymmetry is not likely to be crucial for language," said Dr. Deacon, whose book, *"The Symbolic Species"* (Dorland, 1997) lays out modern theories of language evolution. It supports the idea that humans did not evolve new

By Lawrence M. Fisher
New York Times Service

Another promising drug is Targretin, which Ligand Pharmaceuticals Inc. of San Diego has in the second of the three stages of clinical trials typical for new drugs. Targretin is the first in a new class of drugs to regulate blood glucose by intervening directly between insulin and the proteins it interacts with inside cells.

Inhale Therapeutic Systems developed a dry, powdered insulin that can be stored at room temperature and can be inhaled rather than injected. Inhale has licensed the system to a bigger company, Pfizer Inc., which hopes to file for U.S. approval in 1999.

By Sally Squires
Washington Post Service

The study included 11 men and one woman, average age 54 years, who were

The sharp decrease in blood flow seen during severe snoring could help set the stage for a stroke in several ways, said Dr. Netzger, whose study was published in the journal *Stroke*. The sharp

But heavy snoring that leaves people gasping for breath in the middle of the night and very sleepy during the day is a condition that people "should bring to the attention of their physician," Dr. Netzger said.

Updated annually, the Handbook is indispensable for anyone who needs to know about the leading companies in the world's fourth-largest economy.

By William Safire

Then there's the quite different Carolina sense. Joan Hall of the Dictionary of American Regional English at the University of Wisconsin found a report filed by a DARE interviewer in 1979 in central South Carolina, after a conversation with a black woman, the author Mary Melrose. "Her mother used to say: 'There's a dead cat on the line. I'm going to *slow-walk* you down.' She told her daughters that, when she was sure that they were lying."

I have already reported on a *dead cat on the line*, used to express "a suspicion that somebody is trying to deceive you." (Fred Cassidy of DARE thinks

In politics, *the issues*, plural, intoned with great solemnity, is a goo-goo's term for "subjects the political scientist thinks are important but the average voter doesn't really care about."

take issue. In this vogue sense, have an issue with is a euphemism for have a problem with, which is a euphemism for have a disagreement with. To those who have an issue with that, I say: Buzz off, Buster.

[illegible]

Herald Tribune

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CURRENCY

Stock Fans Keep at It In Taiwan

In a Land of Investors, Asia Crisis Is Discounted

By Thomas Crampton
International Herald Tribune

TAIPEI — With a plastic bag of green leafy vegetables at her feet, Cathy Nii sits scrutinizing trading screens in the head office of Taiwan's largest securities house.

Undaunted by the economic crisis engulfing markets across Asia, the Taipei housewife and mother of two has put 70 percent of her life savings into stocks and plans to invest more.

"The market will hit 10,000 by July, so I want to buy electronics and plastics stocks now," Mrs. Nii said. "The region's crisis has an impact on the economy, but for Taiwan stocks it is more important to have insider information on individual companies."

Mrs. Nii, and thousands of retail investors like her, make up 90 percent of trading volume on the Taiwan Stock Exchange.

In this stock-obsessed nation, where more than 10 television channels exclusively follow market news and popular analysts garner celebrity status, individual investors still see Taiwan's economy as a special case, isolated from Asia's woes.

The benchmark index in Taipei finished Saturday at 7,895.48, off 12 percent since the region's crisis began in July, compared with the 36 percent drop in Seoul or the 40 percent plunge in Jakarta.

Taiwan investors got a taste of the regional turmoil last week when the index dropped nearly 5 percent Monday, but such slides have only whetted the appetite of many of the island's inward-looking and crisis-hardened investors.

"When the market goes down like this, it is a great opportunity," said Tsai Hao-jen, who quit his regular job 10 years ago to trade stocks full-time. "Stocks come down for economic and psychological reasons. For now, what happens in Indonesia and Korea is only a psychological problem for us, so stocks will come back up again."



Mr. Chiu, left, and Mr. Sheu, attending the ground-breaking for the planned 101-story Taipei Financial Center.

Mr. Tsai regularly churns through his portfolio, making many trades each day to second-guess the psychological effect of news. This technique, typical of Taiwan investors, flourishes thanks to the low cost of making a trade.

Although there are only 400 companies listed on the Taiwan Stock Exchange, the trading volume in dollar terms is higher than that of the Tokyo and Hong Kong exchanges combined.

Mr. Tsai said that the devaluation of the won by South Korea — Taiwan's major export competitor — would hurt the economy, but he said Taiwan's companies remained healthy.

"All my money is in stocks, and it is my belief that the market will rise to 10,000 later this year," Mr. Tsai said, adding that he learned how to deal with falling markets during the stock plunge seven years ago.

Following a three-year rally that multiplied the market index five-fold to peak in February 1990 at 12,682 points, Taiwan shares collapsed back to where they had started in just a matter of months.

"I lost only book value," Mr. Tsai said. "If you hold on for long enough when it falls like that, you will be all right again."

Taiwan investors also developed a strong resistance to panic thanks to the

total loss of confidence when Beijing sent missiles splashing down off their coast during a series of provocative tests in late 1995, said Irene Chien, an equities analyst at SBC Warburg Dillon Read.

"People were changing money into U.S. dollars, packing their bags and looking for Canadian or New Zealand passports," she said. "After it was all over, everyone noticed that those people who had bought stocks during the crisis made a lot of money."

A retired army colonel, Lu Yun-dun, who has half of his savings invested in stocks and comes to his brokerage every trading day to monitor his investments, said that the difficulties facing other Asian stock markets had proved that Taipei's policy of economic isolation was right.

"Look what happened in Thailand, Malaysia and South Korea when foreigners left the market," Mr. Lu said. "If you open up, Taiwan people will lose control of their stock market also."

While among the world's top 20 traders, Taiwan remains a very closed economy with relatively low levels of foreign borrowing and a currency of limited convertibility.

Foreign investors, who face bureaucratic hurdles and restrictions, have ac-

counted for less than 4 percent of stock market volume, and most of them pulled out in October.

"This shows that the government should not rush too fast to join the World Trade Organization and increase foreign investment to 30 percent," Mr. Lu said.

Apart from relations with China, the only foreign news that matters to Taiwan stocks is a fall of the currency, according to a part-time investor, Lin Chi-tei.

"It's not that I don't care about international affairs," Mr. Lin said. "It's just that they don't affect the value of stocks in this country as much as other things, such as technical analysis of companies."

Mr. Lin, who earns 50,000 Taiwan dollars (\$1,480) a month selling electronics parts, put up his house as collateral to buy stocks and now has a portfolio worth more than 1 million dollars.

Holding a newspaper filled with charts and covered with his own multicolored scribbles, Mr. Lin said he never varied from his strict rules of investment.

"I never let emotion get involved in an investment," Mr. Lin said. "When a stock reaches the target I set for it, I sell it."

Taipei Plans to Delay Reform of Economy

Currency Controls May Be Kept Beyond 2000

By Thomas Crampton
International Herald Tribune

TAIPEI — Taiwan is moving to delay planned reforms that it fears would overexpose it to foreign capital flows, according to the country's central bank governor, even as the economies of many of its Asian neighbors are being forced to open to qualify for international rescues.

"The pace of internationalization and liberalization will be made slower and more careful" because of Asia's financial turmoil, the Central Bank of China's governor, Sheu Yuan-dong, said in an interview.

Mr. Sheu's policies and views are followed closely throughout Asia. Taiwan has managed to hold its own in the Asian currency storm, retains massive foreign reserves and now is viewed as a potential investor throughout the region. A member of Taiwan's policy-making elite and a close friend of President Lee Teng-hui, Mr. Sheu has frequently represented Taiwan's interests overseas.

Mr. Sheu said he was determined to open the exchange of Taiwan's currency completely, but that the present target date of 2000 was too tight given Asia's economic instability and the island's strained relations with China.

"Those are the two major factors we are concerned about," Mr. Sheu said. "If we can feel safe and comfortable we will let it go."

Although the market determines the value of the Taiwan dollar, it is virtually impossible to build up a large speculative position against the currency. The country's commercial banks report foreign-currency transactions to the central bank and limit exchange movement to only what is necessary for the trade of goods.

Taiwan's dollar has depreciated about 15 percent against the U.S. dollar since the start of the currency crisis in Asia last July, compared with a 40 percent drop for the South Korean won and a 70 percent decline for the Indonesian rupiah.

Taiwan also has tight controls on foreign investment. Foreign investors must pass a rigorous assessment test and even then may hold no more than 15 percent of the equity in any one company. Total foreign ownership of a company is limited to 30 percent.

In the interview, Mr. Sheu also said: • China was not likely to devalue the yuan, but a sharp fall of the currency would set off another round of Asian currency devaluations.

• Taiwan's involvement in assisting crisis-hit Asian countries will "basically" remain in the private sector, since government aid would anger China.

• The Taiwan dollar is undervalued and should rise within the next few months to between 31 and 32 Taiwan dollars per U.S. dollar.

In terms of liberalization, Finance Minister Paul Chiu said the government officially still held to the goal of allowing the free flow of capital by 2000, but an actual opening of the economy would only take place if all sectors were ready.

"Before fully opening up the cross-border market, you have to deepen and broaden your own financial markets," Mr. Chiu said.

Mr. Sheu ascribed Thailand's problems to a hasty and badly executed opening of the country to foreign investors that kept the currency pegged to the dollar.

"Speculators could come in and get the high interest rates and bring their money back out with no risk," Mr. Sheu said.

If faced with a coordinated attack on the Taiwan dollar, Mr. Sheu said he would not hesitate to raise interest rates to punish speculators and, as a last resort, limit access to the currency.

"If we have too many Taiwan dollars circulated outside Taiwan, it is easier for international speculators to attack the currency," Mr. Sheu said, emphasizing that the country's best defense for the currency was its robust economy.

Even as Taiwan officials talk of slowing liberalization, the country is promoting itself as a future regional financial center in an Asia of open markets.

Mr. Sheu last week helped break ground for a 101-floor building to house international financial institutions.

"We welcome everyone to use Taiwan as a financial hub to reach all of Asia, including mainland China," he said. "Carefully, step by step, we will push forward liberalization and even introduce derivatives and other products available in New York."

Closed markets sheltered the Taiwan dollar from speculative attack, but underlying economic fundamentals have kept it stable, Mr. Sheu said.

"We have two wheels on which our currency is riding, our strong economic fundamentals and our sound financial system," Mr. Sheu said.

Over the next few months Mr. Sheu expects the U.S. dollar to fall from its Friday close of 33.79 Taiwan dollars.

"It is quite hard to say whether it will be 32 dollars or 31 dollars, because we are exposed to fluctuations in international markets," he said. "Our currency is definitely undervalued now."

Although the plunging South Korean won has increased export competition for Taiwan and raised concerns about South Korean companies dumping cheap goods, Mr. Sheu does not expect Taiwan businessmen to pressure him for a further devaluation.

"Businessmen want dynamic stability, not volatile markets, so they can plan ahead," Mr. Sheu said. "Also, if you devalue too deeply, it hurts them when they import new materials."

Of the government's growth projection of 6.7 percent for 1998, Mr. Sheu said, "This is a target for the country, but maybe we can reach 6.3 percent or 6.4 percent growth." Economists predict the country's growth in 1998 will be around 4 percent.

Tobacco Firms Fire Up Smoking Campaigns in Third World

By Barry Meier
New York Times Service

NEW YORK — Last August, dozens of journalists from Latin America arrived in Miami as guests of British-American Tobacco Co., whose Brown & Williamson unit makes popular cigarettes like Kool, Carlton and Lucky Strike.

The company paid for the visitors' air fare, hotel rooms and even dinners at expensive restaurants. The reporters heard company officials and paid speakers attack restrictions on smoking and cigarette advertising as scientifically unsound or artifacts of lawsuit-driven societies like the United States.

The public relations full-court press was a startling contrast to the face of sweet reason that the tobacco industry has been putting on for the American public these days.

In June, five major tobacco companies, including multinational giants like British-American Tobacco, based in

London, and Philip Morris Cos., reached a \$368.5 billion agreement to settle lawsuits by states and smokers, a development hailed by the industry as a historic opportunity to reduce smoking by young people. That deal is now under consideration by Congress.

But while the companies agreed to sweeping restrictions in the United States on cigarette marketing and secondhand smoke and to bolder cancer-warning labels, they are fighting as hard as ever in the Third World to convince the news media, the public and policymakers that similar changes are not needed in their own countries.

The tobacco companies have long lobbied policymakers in the United States and abroad to prevent passage of restrictions on tobacco. But in the last three years they have sharpened their campaigns overseas to influence how tobacco-related issues are portrayed in the news or presented to the public, and there are signs that some of those efforts are paying off.

British-American Tobacco, which is owned by BAT Industries PLC, has had seminars at luxury resorts at which it has offered foreign journalists that play down the health risks of smoking. To head off indoor smoking restrictions, large cigarette producers have also begun public relations campaigns abroad that recycle the same theme.

Some tobacco executives see the proposed settlement in the United States not as a blueprint for a new worldwide approach to cigarettes but solely a concession to legal realities in America.

Under the plan, in exchange for protection from lawsuits, the tobacco companies agreed to finance anti-smoking campaigns, restrict marketing and pay penalties if smoking by children does not decline, among other things. But the document is virtually silent about the cigarette makers' overseas operations, an area that smoking foes want discussed in the coming congressional debate on the proposal.

The congressional debate over the

proposed settlement comes as the tobacco industry finds itself under attack in some parts of the world. Recently, the European Union agreed to ban virtually all tobacco advertising within five years. Turkey has recently passed laws that restrict cigarette advertising.

With cigarette sales stagnant in the United States, multinational producers such as BAT, Philip Morris and R.J. Reynolds, which is owned by R.J. Nabisco Holdings Corp., have scrambled in recent years to buy stakes in production operations in areas of rapid sales growth in Eastern Europe, Asia and elsewhere.

In recent years, for example, British-American Tobacco has put on many conferences for journalists, inviting reporters from Third World countries.

"Their strategy all the time is to raise questions about anti-tobacco research," said Kathryn Strachan, a reporter with Business Day, a newspaper in Johannesburg, who attended a company-sponsored conference last year at a re-

sort on the island of Mauritius.

Officials of British-American Tobacco said they had never tried to hide the company's sponsorship of seminars for foreign reporters. Chris Proctor, the company's chief scientist, said meetings like the Miami gathering provided the cigarette producer with a chance to present its side of the smoking debate.

The effects of the meetings sponsored by British-American Tobacco are difficult to gauge. But in countries where tobacco producers still spend a lot of money advertising in newspapers and are permitted to run television commercials, journalists' coverage of health issues can sometimes show a slant in favor of the tobacco industry's point of view.

In late 1996, for example, several newspapers in the Philippines reported on a Cornell University study that suggested office workers who had headaches and other symptoms associated with indoor air pollution might be reacting to psychological factors rather than environmental irritants.

CYBERSCAPE

Big Computer Companies Pull the Plug on Free Support

By Beth Berselli
Washington Post Service

WASHINGTON — For many consumers who received that eagerly awaited computer or software pack-

age at the holidays, here comes a word of warning: If you can't figure it out on your own, you're likely to pay for it.

More computer makers and software companies are

charging customers for advice they used to provide over the telephone for free.

While most companies still handle calls about defective hardware gratis, many of the big names, including Microsoft Corp., International Business Machines Corp. and Hewlett-Packard Co., require home users to pay for general how-to advice or for inquiries made after their warranty expires.

In the past few years, it has become increasingly common for customers to pay \$25 to \$35 for each inquiry, or \$2 to \$3 a minute on a 900-number line.

Apple Computer owners who bought their Macintoshes after April 1, 1996, will be charged \$35 for each call after a 90-day complimentary period. IBM customers with questions are charged \$2.99 per minute on a 900 line — the first minute is free — after their one-year warranty expires. After its 90-day complimentary period on some software packages, Microsoft levies a \$35-per-inquiry charge.

Even so-called free calls are not necessarily so anymore, as several companies, including Microsoft and Hewlett-Packard, have honed their toll-free hot lines and now require customers to

make long-distance calls.

For their part, the companies say rapidly growing call volumes have made it impossible for them to support their products for free forever. Not only are more calls coming in, but as more novices buy computers, the companies increasingly field no-brainers such as "How do you turn on the computer?"

"Free support just isn't a sustainable model anymore,"

Companies say it is impossible for them to support their products for free forever.

said Pete Gladstein, who heads Apple Computer Inc.'s support services. In June, Apple began its \$35-per-inquiry fee.

Regardless of the companies' reasons for ending free support, some customers just are not buying it.

"The day I pay a computer company for a computer and then pay them to help me fix their screw-ups is the day you'll see icicles forming on the flames of purgatory," said Cliff Verbeke, 37, from Brandon, South Dakota, who

purposely bought a Gateway 2000 computer because of the company's guarantee of free lifetime support.

Mr. Gladstein and executives at other hardware and software companies say that the majority of their customers still receive free phone support because most questions come within the first few months of computer ownership. They estimate that fewer than 10 percent of calls result in fees.

Another reason for the charges, analysts said, stems from falling computer prices. With some PCs selling for less than \$1,000, computer makers say they cannot afford to offer the complimentary service. They also argue that customers would prefer a bare-bones package instead of paying for extra support they may never need, analysts said.

Eric Rocco, an analyst at Dataquest Inc., a market research firm, said many companies were promoting their on-line support, which is still free. The hope is that customers will first turn to a company's Web site for answers, thereby freeing up the phone lines for customers with more serious problems.

One company that has drawn many of the most vocal complaints is Compaq. In January 1996, the PC maker

began charging \$35 per call for most customers of its Presario line, even when the machines were still under warranty. The move was a departure from other companies' policies, which levied fees only after warranties had expired.

Compaq customers decried the change, and the company's support and service ratings slipped in industry publications, including PC World. A year later, Compaq switched its policy so that Presario customers would be charged only after their one-year warranty expired.

While fee-based support has its share of critics, it also has its supporters, even among customers. "When you spend half the money you make on the product answering stupid questions from stupid people, I can't blame the companies for charging," said Christopher Rose, a network specialist for a hospital in Liberty, Missouri, who recently paid Hewlett-Packard \$25 for the answer to a question about his post-warranty tape drive. "I think they're perfectly justified in doing this."

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Italy to Face EU Over Its Euro Bid

Compiled by Our Staff From Dispatches

BRUSSELS — Italy will seek this week to stamp out doubts about its eligibility for Europe's single currency, taking its case to European Union finance ministers and Chancellor Helmut Kohl of Germany in a week of potentially decisive meetings.

Treasury Minister Carlo Azeglio Ciampi of Italy is set for a favorable hearing from EU counterparts in Brussels on Monday, while Mr. Kohl is expected to toe a more noncommittal line when meeting Prime Minister Romano Prodi of Italy in Rome the next day, officials and analysts said.

The finance ministers' meeting will bring Mr. Ciampi together with his Dutch counterpart, Gerrit Zalm, for the first time since a Dutch newspaper reported Mr. Zalm would resign if Italy were allowed to join the single currency from 1999.

Mr. Zalm denied the report, but offered less than full backing to Italy's bid, reawakening doubts about whether the currency union will start next year with 11 out of the 15 EU countries, as most commentators now expect.

Britain, Denmark and Sweden have said they will not join while Greece has ruled itself out on economic grounds.

Going on the offensive last week, the Italian government released a 35-page paper contending that Italy has lived down a history of financial mismanagement and has implemented the anti-inflation "culture of stability" long rooted north of the Alps.

Herbert Hax, head of Germany's council of economic advisers, told the daily La Repubblica that while Italy will probably be judged fit for the euro, Mr. Kohl "cannot yet promise that; he fears protests in Germany."

Bundesbank President Hans Tietmeyer was quoted by Focus magazine as saying that countries with debt above 100 percent of gross domestic product already have a "strike against" them in their efforts to get into the monetary union. Italy's debt level was estimated at 123.2 percent of GDP last year, the second-highest in the bloc after Belgium's 124.7 percent. (Bloomberg, Reuters)

Sources: IHS Bank (Amsterdam); Citicorp Investment Bank (New York); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (Washington, D.C.); Other data from the Associated Press, Bloomberg and Reuters.

CAPITAL MARKETS ON MONDAY

BIS Takes Aim at Lax Banks

By Carl Gewirtz
International Herald Tribune

PARIS — In a move aimed at ensuring banks adopt tough internal controls over their operations, banking supervisors have announced a framework they will use to measure whether such controls are adequate.

By extending the supervisory reach beyond specific banking activities — such as interest rate, and trading and derivatives activities — the supervisors said that the safe and sound operation of banks is essential to promoting stability in the financial system as a whole.

In cases where controls are deemed deficient, supervisors "should take action against the bank," the Basel Committee on Banking Supervision stated

in its report "Framework for the Evaluation of Internal Control Systems."

The committee, which meets at the Bank for International Settlements in Basel, comprises supervisors from the 12 most important financial centers: Belgium, Britain, Canada, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Sweden, Switzerland and the United States.

The report advised management to avoid giving misleading signals for inappropriate activities, such as "undue emphasis on performance targets" and "high performance-dependent compensation rewards." One of the most frequently overlooked pillars of what it calls "sound internal control systems" is the need to segregate duties so the same person is not both authorizing and executing operations.

By Floyd Norris
New York Times Service

NEW YORK — Inflation is down, and some sniff deflation on the horizon.

The dollar has become the currency of refuge for traders traumatized by Asia, and the safest way to invest dollars is in Treasury securities.

President Bill Clinton says he will propose a balanced federal budget, and congressional leaders say they will pass one. That would mean there would be no increase in the Treasury-bond supply.

Each of those factors provides a good reason to be bullish on the Treasury bond market. Together, they paint a picture of sure profits from buying bonds, especially at a time when the stock market looks shaky.

There is strong U.S. economic growth, which in other times would raise the specter of tightening by the Federal

Reserve Board. But with Asia cracking and the dollar strong, few now expect any such Fed move. Many think the next Fed action will be to lower short-term interest rates, not to raise them.

More important to some traders, Treasury bonds have worked. They

U.S. CREDIT MARKETS

have provided good profits — albeit not as high as the inflated stock market gains — over the past three years.

Although the price of the benchmark 30-year Treasury bond slipped last week — it ended at 104 1/4, taking the yield to 5.81 percent, up from 5.70 percent a week earlier — bonds have gained since October, even as American stocks have gyrated and Asian markets have plunged.

Put all that together and you get a virtually unanimous bullish view. Dan

Bernstein, an analyst at Bridgewater Associates, puts together numbers from two other services, Market Vane and Consensus Economics, to calculate just how broad the bullish or bearish consensus is. Right now, he says, the bullishness is as solid as it has been at any time in this decade.

To a contrarian investor, that is scary. It does not, of course, mean that bond prices cannot go higher, and yields lower, if the news continues to flow the way it has, they probably will. But the moves may be smaller because so many are already bullish.

On the other hand, Mr. Bernstein said, "you are laying the groundwork for the market to be more susceptible to bad news than it is to good news."

If bad news — from the bond market point of view — does arrive, it could create a sharp correction.

To buy bonds now, said Robert

Barbera, the chief economist of Hoening & Co., is to bet that Asia's woes will cause the United States economy to slow despite the housing boom that lower interest rates are creating. Appearances for new mortgages are at an all-time high.

It also is to bet that all the heavy money that has flooded into Treasury bonds will stay put.

It will do so if the Asian situation keeps worsening. But if it becomes clear we will not have a financial meltdown around the world, some of that money is likely to leave.

If that happens, Asian stocks and bonds, which are now very cheap but unwanted because investors are scared, may look attractive.

In that case, even if there is no overwhelming bad news to hurt bonds, they may give up some of their recent extraordinary gains.

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Jan. 16. Prices supplied by Telekurs.

Risk	Name	Cpn	Maturity	Price	Yield
Belgian Franc					
191	Belgium	7 1/2	12/22/99	109.3300	7.0900
192	Belgium	7 1/2	04/09/98	99.2364	3.3500
British Pound					
71	Amnington	zero	01/10/23	14.2500	7.5400
125	World Bank	6	03/01/00	99.7500	6.0200
149	World Bank	6	09/16/02	98.2543	4.3100
152	Amnington FRN	8 1/2	01/22/23	98.0000	8.2400
182	Farmie Moe	6	06/07/02	100.7500	6.8200
193	World Bank	6 1/2	03/17/00	98.1250	6.2200
200	Asia Valley FRN	7 1/4	11/04/99	99.7500	7.4900
246	Britain	8	04/07/02	102.4300	6.8400
250	Amnington	zero	12/07/22	16.7500	6.9500
Canadian Dollar					
215	Canada	6	03/15/98	100.2750	5.9800
Danish Krone					
9	Denmark	7	11/15/07	112.2500	6.2400
11	Denmark	6	02/15/00	112.8400	6.7000
16	Denmark	7	11/02/04	115.0000	6.0900
18	Denmark	7	11/15/00	111.4700	6.8600
42	Denmark	8	02/15/99	101.8900	5.8900
44	Denmark	8	12/15/99	103.2000	5.8100
48	Denmark	6	11/15/02	105.3100	5.7000
59	Denmark	8	11/15/01	101.3000	7.1900
73	Denmark	7	01/15/00	110.5500	6.3300
96	Denmark	6	02/15/99	101.8900	5.8900
97	Denmark	6	11/15/98	103.7000	6.8500
105	Nykredit	7	10/01/29	99.4500	7.2200
117	Denmark	4	02/15/00	98.8500	4.0500
127	Nykredit	6	10/01/26	97.6500	6.1100
179	Unikredit	7	10/01/29	98.9000	7.8800
181	Realkredit	7	10/01/29	99.3300	7.4000
204	Denmark	7	02/15/98	100.1500	6.9700
212	Byggevist	7	10/01/29	99.4500	7.4000
Deutsche Mark					
1	Germany	6	07/04/07	106.8900	5.6100
2	Germany	6	01/04/08	101.2579	5.1800
4	Germany	4 1/4	12/17/99	100.7000	4.2200
5	Germany	6	07/04/07	106.8500	5.6200
6	Germany	6 1/2	07/04/07	111.4442	5.8300
7	Germany	6 1/2	07/04/07	112.5400	5.9100
8	Germany	6	01/04/24	101.1046	5.7300
10	Germany	8 1/4	09/29/01	112.9225	7.3000
12	Germany	6	01/04/24	101.1046	5.7300
13	Germany	4 1/4	09/19/02	100.0800	4.5000
14	Germany	8 1/4	09/29/01	114.2300	7.4600
15	Germany	4 1/4	05/17/02	100.1375	4.4900
17	Germany	7 1/4	07/04/07	111.0900	6.1400
19	Germany	7 1/4	07/04/07	114.4200	6.4300
20	Germany	8	07/22/02	113.6600	7.0200
21	Germany	6	01/04/24	106.6450	5.2300
22	Germany	6	04/20/16	107.7300	5.5700
23	Germany	6 1/4	04/26/06	108.4333	5.7600
24	Germany	7 1/4	09/09/04	114.8700	6.5300
25	Germany	6 1/4	01/04/25	109.2000	5.9100
26	Germany	5 1/2	05/15/00	103.9800	5.6500
29	Germany	5	08/20/01	102.6500	5.2000
30	Germany	5 1/2	11/29/01	101.2300	4.9000
31	Germany	7 1/4	12/02/02	112.0100	6.5800
34	Germany	9	10/20/00	110.1743	6.1700
35	Germany	6 1/4	12/02/02	102.6700	6.3000
36	Germany	6 1/4	05/15/00	110.1200	6.1800
39	Germany	7 1/4	10/02/02	113.3300	6.7400
40	Germany	5 1/2	11/21/00	102.3275	5.5000
41	Germany	6 1/4	09/17/99	103.1900	5.9500
42	Germany	6 1/4	07/15/02	110.2900	6.2300
43	Germany	6 1/4	05/13/04	110.6100	6.1000
44	Germany	6 1/4	03/19/99	99.9500	6.7000
49	Germany	6 1/4	02/22/02	100.3575	4.9900
51	Germany	5 1/2	02/21/01	102.7471	5.1100
52	Germany	5 1/2	04/18/99	99.9500	6.3900
53	Germany	6 1/4	05/15/00	110.6250	6.0400
54	Germany	6 1/4	09/15/03	104.5800	6.6300
55	Germany	6 1/4	09/15/99	104.4900	6.4000
56	Germany	7 1/4	11/14/04	115.2363	6.5100
61	Germany	6 1/4	07/15/02	102.6700	6.3000
62	Germany	7 1/4	10/21/02	111.4000	6.1000
63	Germany	6 1/4	07/09/03	109.1800	6.0700
64	Germany	6 1/4	07/09/03	103.2200	5.5000
65	Germany	6 1/4	07/15/03	109.7000	6.5000
66	Germany	6 1/4	07/15/03	109.7000	6.5000
69	Germany	7 1/4	07/01/99	103.4900	6.1600
70	Germany	7 1/4	07/01/99	103.4900	6.1600
72	Germany	7 1/4	07/01/99	103.4900	6.1600
73	Germany	7 1/4	07/01/99	103.4900	6.1600
74	Germany	7 1/4	07/01/99	103.4900	6.1600
75	Germany	7 1/4	07/01/99	103.4900	6.1600
76	Germany	7 1/4	07/01/99	103.4900	6.1600
77	Germany	7 1/4	07/01/99	103.4900	6.1600
78	Germany	7 1/4	07/01/99	103.4900	6.1600
79	Germany	7 1/4	07/01/99	103.4900	6.1600

Dutch Guilder

15	Netherlands	7 1/2	01/5/22	125.5500
15	Netherlands	7 1/2	04/15/04	120.9000
20	Netherlands	5 1/4	01/5/24	105.2000
20	Netherlands	5 1/4	01/5/24	105.2000
43	Netherlands SP	zero	01/1/03	23.8000
45	Netherlands	7 1/4	06/15/99	104.8200
46	Netherlands	8 1/4	02/15/00	108.1500
51	Netherlands	6	01/5/06	101.3000
51	Netherlands	6	01/5/06	101.3000
58	Netherlands	8 1/4	05/01/00	109.0000
73	Netherlands	7	06/15/05	112.9000
82	Netherlands	7	02/15/03	110.6000
83	Netherlands	8	02/27/98	99.6400
83	Netherlands	7 1/4	03/01/05	114.5500
98	Netherlands	7 1/4	03/01/05	114.5500
111	Netherlands	8 1/4	02/15/02	113.7500
118	Netherlands	6 1/2	04/5/03	108.5000
121	Netherlands	6 1/2	11/5/05	111.5500
128	Netherlands	8 1/4	02/15/03	109.0000
130	Netherlands	8 1/4	02/15/03	109.0000
133	Soppi	zero	12/31/99	100.0000
149	Netherlands	6 1/2	02/15/99	103.0000

Eastern Europe Looks Vulnerable to Asian-Style Turmoil

By Peter S. Green
International Herald Tribune

PRAGUE — Largely isolated from the turmoil that has defanged the one-time tiger economies of Asia, East and Central European countries are now wondering when, if ever, the contagion will reach them.

But analysts warn that while Eastern Europe's economies are still more tightly controlled than those in Asia, the region shares many structural flaws that led Asia's bubble economies to burst.

Credit Suisse First Boston, an investment firm, has slashed its economic growth estimates for Central and East-

ern Europe as a whole for 1998 to just over 1 percent, from 1.7 percent.

The firm cited trade losses to Asian competitors whose goods are now far cheaper, especially in textiles, automobiles and electronics, as well as the region's dependence on Germany, which takes 20 percent of the region's exports, and global financial-market tremors caused by the Asian crisis.

Laza Kekic of the Economist Intelligence Unit said Eastern Europe also should be particularly concerned by its unfinished economic reforms.

"Some of the East European economies share a lot of the fundamentals of the Asian crisis, most noticeably they

share high current-account deficits, weak banking sectors and weak regulation and overvalued currencies," Mr. Kekic said.

Seduced by the high living standards of their European Union neighbors, Czechs, Poles, Slovaks and even Romanians have been building up massive current-account deficits largely fueled by consumer demand. Along with Russia's budget gap, the deficits are cited as the region's most pressing problem.

The Czech Republic saw its currency fall almost 25 percent against the dollar in the past year, when an 8 percent current-account deficit led speculators to savage the koruna.

Poland and Hungary have been fighting to keep their current-account deficits from expanding, and Slovakia has effectively already lost the battle. Romania, where a reformist coalition government is on the verge of collapse, is facing shortfalls in foreign exchange and investment to cover its growing budget and current-account problems.

"What we are seeing as a result of Asia is an overall reduction of risk taken by institutional investors, so the flows into the region will be fewer, and the countries that depend on that inflow are vulnerable," said Susanne Gahler, emerging markets strategist at J.P. Morgan & Co. in London.

The Czech Republic and Slovakia have about 42 percent of their foreign debt in short-term exposure, and the Czech Republic, for instance, depends on portfolio investors to finance 31.5 percent of its external debt.

In addition, local banks and capital markets would have trouble drumming up enough capital if a liquidity crunch or other crisis forced exchange rates down quickly.

One worrying signal was the announcement this month that Central Europe's largest bank, Komerční Banka a.s. in Prague, which is 48.7 percent state-owned, had overestimated the value of real estate it held as collateral for bad loans. With 35 percent of all Czech bank loans already considered troubled, that sent the price of banks and other Czech stocks falling.

SHORT COVER

New Nomura Scandal

TOKYO (Reuters) — Two former executives of Nomura Securities Co. and a government finance official were arrested Sunday on charges of bribery, Japanese media reported.

The incident is a new setback for Nomura, which had just been allowed to resume full operations after a scandal involving payoffs to a racketeer.

NHK television and the Kyodo news agency, said Tokyo prosecutors had arrested Takehiko Isaka, director in charge of accounting at the state-run Japan Highway Public Corp., as well as Naotaka Murasumi, a former Nomura vice president, and Isao Teranishi, a former managing director.

Kabul to Fix Currency

KABUL (AFP) — The Taliban will use daily value-fixing to try to halt speculation in Afghanistan's ailing currency, the afghani, state-run radio said Sunday.

In a package of measures aimed at giving the Islamic militia greater fiscal control, the main money market in Kabul was shut down, with all traders ordered to register their shops.

The Taliban also outlawed *seta-hazi*, in which traders get a profit for changing 5,000-afghani notes for other denominations.

Diageo Realty Moves

LONDON (Reuters) — Diageo PLC, the food and beverage giant formed by the merger of Guinness PLC and Grand Metropolitan PLC, said Sunday that it was altering its London land holdings.

A spokesman confirmed a report that Diageo would sell its offices in Portman Square, in central London, as well as the lease on offices in a western section, Hammersmith. Instead, it has bought the lease on a development in the capital's West End.

'Mr. Yen' Talks Bullish

TOKYO (Bloomberg) — The Japanese deputy finance minister for international affairs, Eisuke Sakakibara, often known as "Mr. Yen," said Sunday that stock prices would soon recover.

"Foreign investors think that sooner or later it will be time to buy Japanese stocks," he said on an Asahi television program. "They are watching when Japanese stocks bottom out."

For the Record

• Allied Domecq PLC declined to comment on a report that it was in talks with Seagram Co. of Canada to merge their drinks businesses. SmithKline Beecham PLC and American Home Products Corp. also declined to comment on merger reports. (Bloomberg)

• SBF French Bourses Association will add Cap Gemini Sogeti to the CAC-40 index on Feb. 13. (Reuters)

Asia's Lessons for Emerging Economies

International Herald Tribune

While Asia's burst-bubble economies have captured the world spotlight, Commerce Secretary William Daley is traveling to Eastern Europe, Greece and Turkey to improve U.S. trade ties there and push for an end to corruption and opaque business practices. At a conference in Prague of trade ministers from Eastern Europe and the Group of Seven leading industrialized nations, he spoke with Peter S. Green of the International Herald Tribune.

Q & A / William Daley

Q: Your trade has grown to about \$17 billion also. So it's a sizeable market. There's also lots of focus on Asia right now; I'll be going next month. But this region is important as they come through this transformation.

A: The countries here are interested in joining the European Union. Are you concerned that their trade could be absorbed by the EU to the detriment of the United States?

A: No. We understand the closeness geographically and politically, and we are encouraging the countries who've had the invitation extended to them to join the EU, because we think the kind of economic reforms that the EU will require are important to all of us. It's an important opportunity for U.S. business, but I don't look at it as a way to somehow

drive a wedge. We'd like to have more of the market share here, and our companies will continue to try to do that.

Q: You've expressed your concern about problems with transparency, fairness and bribery in Central and Eastern Europe. How big a problem is that and what can be done about it?

A: We think it's an extremely serious problem, not for our sake, but for the ability of the companies in these countries to thrive, for the private sector to thrive, to solicit the investment these countries say they want and need to stimulate their economies. That's not going to happen if businesses believe there'll be a layer of costs on top of their normal costs. That'll make them uncompet-

itive, and in this global economy, if you're not competitive you're out of business. So we think it's a serious problem.

Q: Is Washington concerned about an Asian contagion hitting this region?

A: There's no doubt our economies are connected. If anyone in Central and Eastern Europe thinks they are immune from what's happened in Asia, they don't understand what's happened with the world economy in the last 10 years. Some of them have the same sort of issues that have caused these problems — the structural issues, the regulatory issues, the transparency issues — and they will have problems.

Q: Asia's economies are being expected to export their way out of the crisis. What could that do to the U.S. economy?

A: We obviously have been strongly, indicating to these countries, even before this crisis, that exporting their way



William Daley.

out of crisis is not good for their domestic market. No doubt about it, if imports in the U.S. dramatically increase that's going to create a political reaction, and that's not going to be helpful.

On the other hand some people are going to say that cheaper consumer goods coming into the country are good for the consumer. Prices go down, there's more competition and that's good and may be good for the economy overall.

NYSE Takes a Holiday, Saying It's the Right Thing

By Vernon Silver
Bloomberg News

NEW YORK — The New York Stock Exchange gives a simple reason for its decision to close for the first time this Monday on Martin Luther King Jr. Day: It's the right thing to do.

Doing the right thing — 12 years in coming — reflects a consensus for change among the major Wall Street companies, whose leaders guide the exchange's policies both privately and by sitting on its board.

Securities houses routinely close when the NYSE closes. As a result, the shutdown will result in a holiday at most U.S. financial firms for the first time since the civil rights leader's birthday was established as a federal holiday in 1986.

The Reverend Jesse Jackson, who opened an office on Wall Street last year to push financial firms to hire and provide services to more minorities, credited Richard Grasso, the exchange's chairman, for closing the NYSE for the King holiday.

"It happened because Dick Grasso wanted it to happen," Mr. Jackson said on the floor of the exchange.

Mr. Jackson was at the exchange for a party, part of a three-day gathering, called "Expanding the Marketplace." Speakers at the conference included President Bill Clinton, Federal Reserve Board Chairman Alan Greenspan and

Arthur Levitt, chairman of the Securities and Exchange Commission.

Mr. Jackson said honoring King made financial sense. Reaching out to potential customers now alienated by Wall Street could only help the bottom line, he said.

"You people make a living off of change, staying ahead of the curve," Mr. Jackson said at the conference.

King "really should have a statue down there by that bull," he said, referring to the bronze statue representing

'I don't think they were scared of anything, but it's more politically incorrect not to close' for Martin Luther King Day. 'You look alone.'

the symbol of a strong stock market that sits a few blocks from the exchange.

King, he said, "became the source of pro-growth America," inspiring black businesses and modernizing the South, which made it attractive to investors.

"There's been pressure on them by people like Reverend Jackson," said Steve Washington, a vice president at Lakefront Capital Investors, an African American-run money-management

firm in Cleveland, Ohio.

"I don't think they were scared of anything, but it's more politically incorrect not to close. You look alone," said Mr. Washington.

The decision to observe the holiday followed high-profile lawsuits in the past few years such as the one against Texaco Inc. based on race discrimination, and another against Smith Barney Inc. for sex discrimination. Both companies settled the lawsuits.

Smith Barney is now a unit of Travelers Group Inc., which was the main corporate sponsor of Mr. Jackson's conference, and whose chief executive, Sanford Weill, was a co-chairman of the event.

In settling the lawsuit brought by 23 women, Smith Barney agreed to start a diversity program overseen by Johnnetta Cole, former president of the historically black Spelman College in Atlanta.

Closing the exchange was a matter of conformity, said Rod Wilkins, a financial adviser at Prudential Securities Inc. "When it becomes fashionable, everyone decides they're going to put on the same designer outfit."

Change on the outer layers, Mr. Wilkins said, sometimes covers a lack of progress on the inside. While his company and others sponsored the conference, he said the fact remained that he was one of just 600 black stockbrokers in America, out of a total of 90,000.

Although this is the first year the NYSE has closed for the holiday, it has marked it with a minute of silence on the exchange floor since 1986.

The NYSE has trimmed more holidays during the past few decades than it has added, exchange officials said. In 1980, it scratched election day from the holiday schedule and in 1953, it voted to stay open on Columbus Day, Lincoln's birthday and Veterans' Day.

The decision to close for Martin Luther King Jr. Day was made last June.

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WIRED: Staying Home to Work Abroad

Continued from Page 1

tax breaks and real estate subsidies.

Although some villages are still waiting to join the telephone era, India has given industrial parks digital communications links. Many countries have lowered barriers to foreign (especially American) investment. The payoffs include hard currency from exports and a diminished brain drain.

Edward Yourdon, a software consultant in New York, wrote a book, "The Decline and Fall of the American Programmer," in 1992 to warn that foreign technicians were threatening American jobs.

But Mr. Yourdon and others hardly expected there to be so much more work, and in 1996, he wrote "The Rise and Resurrection of the American Pro-

grammer." As he says these days, "While this offshore situation still exists, now we are looking at it as a boon rather than a bane."

Already, a new international division of labor is emerging. Americans create programs to make the Internet sing and dance, or computer games to blow out teenage minds and eardrums, and parental patience. Foreigners are often more like software second-stringers, stamping out bugs, updating the products and programming clunky mainframes.

"That's work that people in the United States don't really want to do," said Paul J. Kostek, president-elect of the Institute of Electrical and Electronic Engineers-U.S.A. and a systems engineer. "They want to move on to the next challenge."

model, which has become weak and less relevant, or the Soviet central-command model."

The wheel may turn again, but for now there are no more boasts about the superiority of the Japanese-South Korean model.

"Other Asian markets should take note and move their economies more in the direction of free-market logic and away from government and bureaucratic intervention and centralized monopolistic industrial power blocs," warned the Chosun Ilbo, South Korea's leading newspaper.

These days, both Japan and South Korea are trying to dismantle regulations and bureaucratic controls over the economy. "Economies are all going the American way, and that's a major trend today," said Makoto Kuroda, a former top Japanese trade official and managing director of Mitsubishi Corp.

Still, Mr. Kuroda noted that there were countercurrents as well, and in any case the trend away from bureaucratic intervention was not a completely new one.

In Japan, the government has been steadily losing its ability to manipulate the economy, and layoffs have become more common in the last few years. Regulation is diminishing, and imports have risen, and the same trends have been visible in South Korea and some other Asian countries as well.

The Asian crisis has dramatically accelerated this process. While Asia has had crises in the past, like the oil crisis of 1973-74, that were in some ways more severe than the present one, those were external shocks.

In contrast, this crisis seems more of a collapse from within, especially with Japan's long stagnation since 1990, and as a result the problems raise fundamental questions about whether a new strategy is necessary.

"The model is now clear," said Lee Hong Koo, a member of the South Korean National Assembly and a former prime minister. "It's not Japan. It's the West."

"The current crisis has convinced almost all people that the old style doesn't work," Mr. Lee added.

Consolidated prices for all shares
traded during week ended Friday,
Jan. 18

Stocks	Dr	Yd	100	High	Low	Clos	Open
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SPORTS

Coach Bird Proves He Can Follow His Old Act

By Mike Wise
New York Times Service

INDIANAPOLIS — The team plane was scheduled to leave for Nashville, Tennessee, at 4 P.M., but Travis Best and Dale Davis were nowhere to be found. Though it was the preseason, the coach of the Indiana Pacers stood firm. "Stairs go up," Larry Bird said.

Suddenly, the two players emerged from the terminal, on a passenger cart motoring toward the tarmac. Should they let the portable walkway down again? Bird was asked. "Nope," he said. The players were tardy. Bird hoped their commercial flight through Atlanta would be swell.

Whether it was or not, who knows, but Bird, in his simple and direct style, had made his point. And now, 36 games into his first season as a coach, Bird seems to have made it again, for the Pacers have emerged as one of the pleasant surprises of the season with a 25-11 record that marks their best start ever in the NBA.

Five years after his retirement and subsequent back surgery, Bird's transition from playing icon to coaching neophyte has been at once seamless and surprising.

On Sunday afternoon, the Boston Celtics welcomed home their favorite son in a nationally televised game. And like a lot of folks around the league, the Celtics are beginning to wonder how coach Bird escaped Larry Legend's immense shadow so quickly and successfully.

"They all forget, Larry has a great ability to say things in a few words," said Dick Harter, the 66-year-old defensive specialist who Bird hired as an assistant, along with a former teammate, Rick Carlisle. "You can't put a price on how valuable that is in this league. Everything is simple with him. You show up on time, you work, you succeed. Easy, huh?"

It seems that way. Bird's Pacers move the basketball, run with the Chicago Bulls in the Eastern Conference and make every possession count. From Reggie Miller to Fred Hoiberg, the players portray their coach as a patient teacher, long on honesty and short on mind games.

Bird, in turn, says he is still "learning about each one of these guys," that the Pacers are "not the best team in the league, and not the worst either," and

that whatever they ultimately prove to be, he likes them. On the sideline, he appears remarkably casual as the game proceeds, and in comments to reporters he uses his down-to-earth humor — an old tool from his playing arsenal — to great effect.

For instance, in a game Dec. 19 against Detroit, Jerry Stackhouse tormented the Pacers in the final two quarters. Indiana held on, but not before Bird threw away a comfortable lead with his defensive strategy.

A morose Bird entered the postgame interview room, declaring, "That's the last time I ever let Carlisle and Harter coach the second half." Asked in another instance whether his insight as a player translated to the new job, he replied, "Well, as a player, of course, I never committed a foul."

And his casual sideline approach compared with Harter's more intense mannerisms? "That's why we don't get any calls, because Dick's always arguing with the officials."

So Bird is clearly at it again, aw-shucksing his way through the NBA, his homespun charm belying his desire to win. During last Wednesday's game against the Pistons at Market Square Arena, he wore a charcoal gray suit, a patterned, burgundy tie and a look of sheer boredom. The game was in the balance with three minutes left, and his



Larry Bird exhorting the Pacers in a recent victory over the Kings.

hands stayed in his pockets. With under a minute remaining, Bird finally scratched an itch above his brow and decided, what the heck, he would call a timeout.

The Pacers came out of the huddle, made a defensive stop and Miller fired in the clinching three-pointer with less than 30 seconds left.

So it goes in Indiana. The Pacers have won a lot of games this season for Bird, the emotional minimalist. If there was never much of a veneer to Bird the player, there is even less to Bird the coach.

"There is no ego involved," the point guard Mark Jackson said. "There is no, 'This is how you do it because this is how I did it and that's the only way.' He understands us."

Said Chris Mullin, who joined the Pacers this season after 12 years with Golden State: "You can maybe anticipate saying, 'I'm playing for Larry, the best forward ever,' but you don't feel that. He is always positive, and that in itself gives you so much confidence. It's not a huge adjustment playing for him for a lot of us, because he was a guy we learned from when he played. There is no denying that."

Bird's sideline mannerisms run between serene and dispassionate. In an era of clipboard supernovas who want part ownership and limousine service to and from home games, he is as he was — polished, never slick.

"The game gets tight, he gets more comfortable," Mullin said. "It's an incredible feeling during a timeout of a tie game."

Mullin proceeded to illustrate his point with a recent vignette on the bench: "He'll say, 'Run this, O.K.? Remember, we did it yesterday in practice.' Same thing. You're open, hit the shot. I saw you make 12 of them yesterday." Larry makes the game what it is: simple.

HE HAS SAVED his best mentoring for Jalen Rose, whose 23 points off the bench in Friday night's victory over Sacramento illustrated his emergence this season. Challenging Rose and Best, but not demanding Bird has won their trust, too.

Really, the jewel of the job Larry has done so far is that our younger players have responded in a way we didn't expect," Carlisle said. "His sixth sense doesn't hurt, either."

In a recent game at Dallas in which the Pacers were struggling, Bird pitted

Hoiberg and Derrick McKey with Miller, Smith and Jackson, a lineup that had never finished a game before. Hoiberg ended up hitting the game-winning three-pointer and Indiana won, 84-79.

If Bird is outwardly taking it easy on the Pacers, they are returning the favor. After all, this is the team with six players who have been to the conference finals twice. Larry Brown, the former coach, may have worn out his welcome here, but he did not leave the cupboard bare.

"The frustration that goes with raising young players today could be hair-raising from his aspect," Reggie Miller said. "But you take us, a smart team that understands the game, and he doesn't have to overexert. We don't make a lot of mistakes and we play within ourselves. I guess that's a lot like how he played."

When Bird is not heaping praise on Harter and Carlisle, he tries to emulate the former Celtics' coaches K.C. Jones and Bill Fitch.

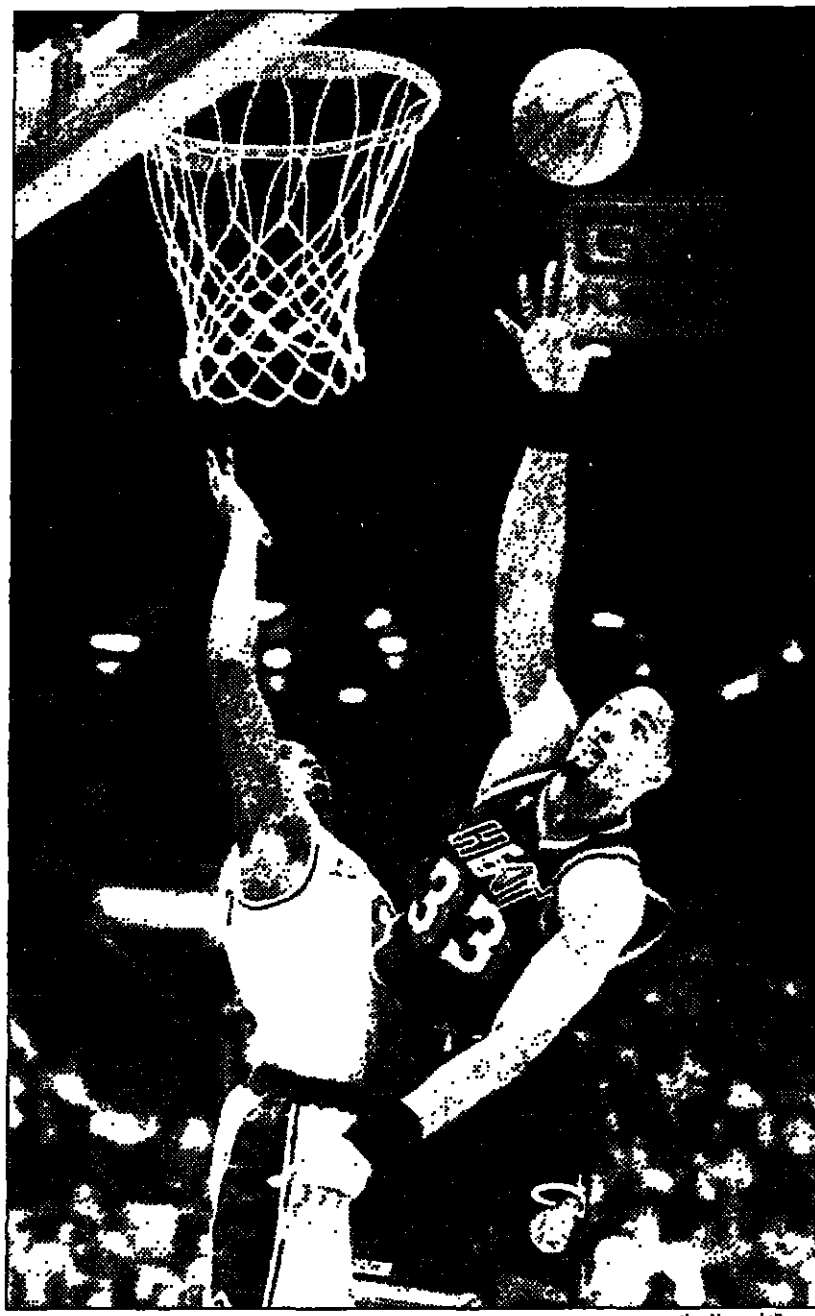
"I tried to take a little of both," Bird said. He credits Fitch as being one of the game's superior tacticians, able to communicate exactly what he wants on the court with a grease pen and a clipboard.

"And I try to treat people like K.C. Jones did," Bird said. "I think he's a great man. He stands for all the right symbols and he's just an awesome guy. I try to treat my players the same way."

Last week, Bird was reminded of an interview he gave to a reporter in November 1991, the beginning of his final season. To the question of whether he would ever consider coaching, he responded then, "That life's not for me. I just wouldn't even think about it. I'd rather be fishing or golfing."

Now, he laughed at his own words. "You probably caught me on a day when my back was bothering me," he said. "I don't know why I'm doing this, to tell you the truth. I have no idea. But it has been a great experience. I would like to see us get back in the playoffs. Everybody on the outside is looking at us now — oh yeah, they're stacked with all this talent, they should win 55 games. I don't see it that way. These guys made a turnaround themselves; they worked very hard to get where they are right now."

Bird added: "I don't know if I'm going to do this two, three or four years, or whatever. Not very long, I won't be here 10, 15 years. But I'm with the team I want to be with."



The Heat's Alonzo Mourning shooting over Kobe Bryant of the Lakers.

Knicks Rap Toronto

Ward Shines With 18 Points in Road Victory

The Associated Press
Charlie Ward had the best game of his career, scoring 18 points with six assists, five rebounds, four steals and four 3-pointers as the New York Knicks defeated the Toronto Raptors, 93-82.

Larry Johnson scored 24 points and pulled down 10 rebounds Saturday

sists and Jayson Williams had 15 points and 23 rebounds.

Steve Smith led the Hawks with 17 points, but his streak of scoring at least 20 points was stopped at eight games. Dikembe Mutombo added 12 points and 11 rebounds.

Timberwolves 113, Mavericks 110 In Dallas, Minnesota won its second overtime game in as many nights as Terry Porter came off the bench to score seven points in the extra session.

Tom Gugliotta and Kevin Garnett scored 22 points each and Stephon Marbury added 20 for the Timberwolves, who rallied from a 24-point third-quarter deficit.

Jazz 107, Magic 93 In Salt Lake City, Karl Malone scored 32 points and John Stockton added 21 points and 10 assists as Utah handed Orlando its third straight loss.

SuperSonics 99, Cavaliers 91 Shawn Kemp was booed repeatedly in his return to Seattle and Gary Payton scored 28 points and had a decisive 3-point play down the stretch in the SuperSonics' victory.

Boos rained down on Kemp, who spent the first eight years of his career with the Sonics, when he was introduced and every time he touched the ball. He finished with 17 points, shooting 5-for-11, with seven rebounds and three assists.

Cedric Henderson, a rookie, led the Cavs with a career-high 23 points and Wesley Person added 16.

Lakers 108, Heat 99 Shaquille O'Neal scored 11 of his 24 points in the final five and a half minutes and Nick Van Exel added 23 as Los Angeles downed visiting Miami.

Voshon Lenard scored a season-high 28 points and Isaac Austin added 20 for the Heat. Kobe Bryant scored 21 points off the bench for the Lakers and Eddie Jones added 20.

Undaunted by Loss, Venus Williams Charges Ahead

By Samantha Stevenson
New York Times Service

SYDNEY, Australia — As a disappointed Venus Williams walked off the center court after losing to Arantxa Sanchez Vicario in the final of the Sydney International tennis tournament, her mother, Oracene, reached out and hugged her.

"There were no tears," Williams said after the match Saturday. "And there is no need for emotions in the match, up and down, in and out, it takes energy."



Karol Kucera, who beat Tim Henman in the men's final in Sydney.

But afterward, it's a wonderful time to rejoice or whatever is your fashion."

Williams' remarkable performance last week, as she beat Martina Hingis en route to the final Saturday, has placed her in the spotlight at the Australian Open, where she will be on center court Monday night against unseeded Alexia Dechaume-Balleret of France.

At Flinders Park here, Williams has a chance to meet her younger sister, Serena, in the second round, if Serena is able to upset sixth-ranked Irina Spirlea.

The 17-year-old Venus Williams began barnstorming through the women's rankings with ease at the U.S. Open last September, when she was ranked No. 66. After Sydney, she is ranked No. 15, and Serena Williams, who lost to Sanchez Vicario in the semifinals, has climbed from No. 304 to 56.

"I've been here a long time," Venus Williams said of her preparations in Australia for the first Grand Slam tournament of the year. "But it's part of the job to be away from home. I am serious in my pursuit, and I am going to work on being smarter and play my game."

On Saturday, Sanchez Vicario was the smarter player in a 6-1, 6-3 victory. The Spaniard had not won a title in 20 months, but she finished the match with 21 unforced errors to Williams' 41. Williams tried to be more aggressive and rush the net, and she managed a career-best nine volley winners to three for Sanchez Vicario.

"I think I didn't play anywhere near my best," Williams said in an interview afterward. "She was very consistent. I'm more of a high-risk player. I have to work on that part of my game. I was impatient

because I wanted to be aggressive, to come in more and take control. I think that was my best try to date."

Williams took the first game of the match, serving big and keeping her ground strokes deep. Sanchez Vicario kept looking to the players' box for support from her mother and friends, who responded with cries of "Vamos, Arantxa!"

Sanchez Vicario then sped to a 6-1 first-set victory. Williams drew even at 2-2 in the second set with a powerful forehand winner, and again leveled the set at 3-3 with a backhand winner down the line. But then Sanchez Vicario shut her down with a variety of strategic shots.

"When I started," Sanchez Vicario said after the match, sounding older than her 26 years, "the level was stronger, the players had more variety in their games, more players. Venus and Serena are examples of athletes. They hit hard on both sides of the ball, but they met a player who plays a level of game they should play to win."

Venus Williams had said before the match that she didn't want to "muddle my head" with too much strategy, but use her athletic instincts on the court. Afterward, she was uncowed by her defeat to a player known for her tenacity and court savvy.

"Maybe this match is a turning point for me," Williams said. "I made a lot of aggressive plays. The more I do it, the better I'll get."

This almost guileless self-confidence is part of an aura that has been growing around the sisters since they first began playing on the southern California junior

circuit at the ages of 10 and 8. Then, it seemed that their mother and their father, Richard, could not stop talking about their daughters' talent; now, the hyperbole is, quite amazingly, becoming fact.

Kucera Captures Sydney Title

Karol Kucera spotted defending champion Tim Henman the first four games in the Sydney International final, then whittled away from the baseline to capture his first title in three years and only the third of his career. The Associated Press reported.

Kucera, from Slovakia, showed the same resiliency in the final of this Australian Open warm-up as he did in the semifinals, when he came back from two match points down in the second set against Michael Tebbutt to win in three sets.

In crafting a 7-5, 6-4 victory over the 23-year-old Henman of Britain after trailing, 0-4, Kucera showed his patience and accuracy from the baseline and just enough power on serve to keep Henman on the defensive.

Kucera, 23, who led Slovakia to a surprise victory at the Hopman Cup in Perth a week ago, may be an unseeded threat at the Australian Open.

Ranked No. 25 coming into Sydney, Kucera has been making strides since he started to work last May with the 1988 Olympic champion Miloslav Mecir. Kucera was ranked No. 63 going into the 1997 tour season, but he still has never gotten past the third round of a Grand Slam tournament.

At the Australian Open, Kucera has a tough draw, starting with a first-round match against No. 10 Sergi Bruguera.

Forget Tradition, PGA Should Bend No-Cart Rule

By Jennifer Frey
Washington Post Service

TO WATCH Casey Martin it is easy, so easy, for the heart to turn angry at the Professional Golfers' Association and the Nike Tour, and all the pro golfers who are trying to keep this disabled young man from competing — with a golf cart — in his sport at a professional level.

He was born with a bad leg. It is getting worse every day. This week, as he prepared to play in his second Nike Tour event, with a cart he is allowed because of an Oregon court's injunction, Martin admitted that his doctors have warned him that amputation might be in his future. He said it with a smile.

Martin pokes fun at his disease, Klippel-Trenaunay-Weber syndrome. He says it sounds more like a big law firm than a crippling circulatory disorder.

He doesn't blame his friend and former college teammate, Tiger Woods, for standing on the other side of this battle, in line with the PGA and the other golfers who have claimed that he will have an unfair competitive advantage if he is allowed to use a cart.

He is, quite simply, hard to ignore. Logic, though, also dictates that the PGA and its players have a point when

they argue that Martin's use of a cart will change their game. Maybe the cart helped Martin win the Lakeland Classic, his first tournament, by one stroke.

Maybe, as Woods said, the cart will give Martin a competitive advantage on, say, a sweltering day in Memphis, when his fellow golfers are dripping with sweat and exhaustion by the time they reach the 17th hole.

"As a friend," Woods said recently, "I'd love to see him have a cart. But from a playing standpoint, it is an advantage?" It could be.

Martin has a counterargument. He believes the cart is a disadvantage. Not being able to walk, he argues, breaks up the rhythm of his game. He doesn't feel the greens as well as his opponents. Using a cart also makes him the subject of unwanted attention. In a game as mental as golf, Martin suggests, that spotlight can be both humbling and distracting.

It is a tough call. And when this issue goes to federal court on Feb. 2, the PGA is going to try legal maneuvering to prove that the American With Disabilities Act — the law Martin has invoked on his behalf — does not apply to their tour, because they are a "private" entity not governed by the law.

It is an argument that major professional sports leagues love, and have

used in court before. And the PGA is hoping that it will prevail again.

What is the fair way to handle Martin's situation? What is right?

Martin has dedicated his life to reaching this level, and is hoping to rise to the next one, to the PGA Tour itself. He has earned the right to be there. It would be devastating to Martin if the tour were to take that away.

Woods has suggested, hopefully, that he has seen Martin play as many as 36 holes a day without a cart during their days together at Stanford University. It is his way of looking for an answer without shutting out his buddy or turning his back on the tour. But it won't work.

Three years ago, Martin's leg was stronger than it is now. Far stronger. And three years from now, in all likelihood, it will be far weaker than it is now. If he can't ride in a cart, he can't compete.

But is Martin going to cause irreparable harm to the sport if he is allowed to ride in a cart? That issue is stickier.

Sports are supposed to be about a level playing field. Does Martin's cart change that? Does it alter the basic nature of competition before the event takes place?

It's almost funny to hear some of

these golfers compare the use of a cart in their sport to the use of a scooter by a football linebacker with a bum knee or a second baseman with a bad back.

Walking is not an integral part of golf. If it were, members of the Senior PGA Tour would not be allowed to ride golf carts in certain situations — a rule, by the way, that will probably be devastating to the PGA's arguments in court. If walking were essential to the game, millions of people would not tee up every day at their country clubs with a cart by their sides.

Until now, though, the PGA and the Ladies Professional Golfers' Association have kept carts out of their competitions. And there have been times when golfers have had to withdraw because of exhaustion, heatstroke and all kinds of ailments that might not have become overwhelming had they, too, been allowed to ride rather than walk.

So, why doesn't the PGA Tour simply allow carts and let each golfer make his own choice?

Maybe it is tradition that golfers walk. But in this case, tradition equals discrimination. So, it's time to bid good-bye to tradition for the sake of something else, something more important. Like fairness and progress.

It is time for the PGA to just do what is right.

A Close Call for the Blue Devils

The Associated Press
Second-ranked Duke led by 24 points in the second half but had to hang on in the final seconds for its sixth-straight Atlantic Coast Conference victory, edging Clemson, 81-80, behind a season-high 23 points from Trajan Langdon.

The victory by the host Blue Devils (16-1, 6-0) on Saturday night, coupled with No. 1 North Carolina's loss to

COLLEGE BASKETBALL

Maryland last week, should give Duke the nation's top ranking for the second time this season.

The Tigers (11-6, 2-3), No. 5 in the preseason poll, trailed 55-31 early in the second half — and by 19 points with 9:16 left — before staging a furious comeback.

Clemson rallied behind Terrell McIntyre's outside game and Harold Jamison's inside power, running off a 30-12 streak before the final hectic seconds. Langdon's 15-footer gave Duke an 81-78 lead with one minute left, but Jamison, who finished with 12 points, scored on a dunk 13 seconds later.

McLeod then missed with 19 seconds left, and after an exchange of turnovers, Clemson had two final chances to pull off the miracle. But McIntyre's 12-footer hit the front of the rim with three seconds left and Iker Irujo's desperate shot at the buzzer also found iron.

No. 3 Kansas 69, Kansas St. 62 In Lawrence, Kansas, the Jayhawks tied a school record with their 55th straight home-court victory. Ryan Robertson hit a 3-pointer with 1:12 to play to give Kansas (21-2, 5-0 Big 12) a 65-58 lead, and then made two free throws with 45 seconds left for a 67-61 lead after Aaron Swartzendruber had made a 3-pointer for the Wildcats (11-4, 2-3).

No. 10 Connecticut 86, Georgetown 72 Kevin Freeman had 21 points and 13 rebounds and the host Huskies took over with a 21-4 run to start the second half.

Richard Hamilton had 25 points to lead UConn (16-2, 6-1 Big East), six in the run that allowed the team to come back from a 44-42 halftime deficit to take a 63-48 lead. Georgetown (9-6, 3-5) never got closer than eight points the rest of the way.

No. 18 Xavier 77, Virginia Tech 66 In Cincinnati, Torraye Braggs matched his career high with 24 points and Lenny Brown led a 23-4 game-opening run. Xavier (11-4, 3-2 Atlantic 10) led by double digits the rest of the way.

No. 19 Michigan 75, Ohio St. 61 In Columbus, Louis Bullock scored 28 points and was 5-of-7 from 3-point range and 13-for-13 from the foul line as the Wolverines won for the ninth time in 10 games.

Boston College 64, No. 23 Marquette 54 Antonio Granger made four 3-pointers and tied his career-high with 22 points for the visiting Eagles. A sophomore guard, John Cliff, had a career-high 17 points for Marquette (10-4).

WORLD ROUNDUP

Unlikely Groupings
In European Draw

SOCCER In a draw that may make post-World Cup life tough for England, France, Yugoslavia and Croatia, the defending European champion Germany escaped with a relatively smooth path to the 2000 European Championships.

The draw was made in Ghent, Belgium, on Sunday.

England drew Bulgaria, Poland, Sweden and Luxembourg in its qualifying, Group Five, with only the group winner assured of making the finals.

Yugoslavia and Croatia, who fought a six-month war in 1991, were drawn in the same Group Eight, which also included the former Yugoslav republic Macedonia. It will be the first time Yugoslavia and Croatia play each other as independent states.

The Yugoslav coach, Slobodan Santrac, played down any lingering animosity. "Our players are together in Real Madrid, the Italian and Spanish leagues. They are friends."

France, which had complained bitterly about not being seeded at Sunday's draw, now faces Russia and a resurgent Ukraine in its qualifying Group Four.

Only Belgium and the Netherlands were able to sit back and enjoy the nerve-racking draw — as co-hosts they qualify automatically for the ninth European Championship finals.

But Germany got a relatively easy draw, in the same group as Turkey, Finland, Northern Ireland and Moldova.

Another tough qualifying group is Group One, featuring Italy, Denmark, Switzerland and Wales. Group Seven is evenly matched with Romania, Portugal, Slovakia and Hungary.

Qualifying begins in September, less than two months after the July 12 World Cup final. (AP)

Stangassinger Triumphs

SKIING The reigning Olympic champion, Thomas Stangassinger of Austria, won a World Cup slalom on Sunday in Veysonnaz, Switzerland, to collect his seventh career victory, while Alberto Tomba crashed out, missing out on his 50th.

Stangassinger was joined on the podium by two dark horses, Kristinn Bjornsson of Iceland and Kiminobu Kimura of Japan. Hermann Maier of Austria placed 10th to clinch the combined event.

Leader after the first leg, Stangassinger delivered another high-velocity run on the icy, bumpy Piste de l'Ours for a two-run combined time of 1 minute, 38.12 seconds. (AP)

• In Zauchensee, Austria, Renate Goetschl gave the Austrian women their first World Cup victory in more than a year and Martina Ertl of Germany clinched her second victory of the season on a busy day of racing Sunday.

Goetschl won the morning's downhill, finishing with a time of 1:30.10, while Ertl took the super-giant slalom three hours later, clocking in at one minute, 25.90 seconds. (AP)

India's Memorable Day

CRICKET India made cricket history Sunday when it beat its traditional rival, Pakistan, in a sensational finish with one delivery to spare to win the Independence Cup in Dhaka, Bangladesh.

Chasing a mammoth victory target of 315 runs, India hit up 316 for seven with one delivery to spare. No other team has ever scored 316 runs while batting second in a one-day international. India owed its triumph to opener Saurya Ganguly's century, Robin Singh's 83 and Sachin Tendulkar's 41. (AP)

Bari Shocks Inter and Ronaldo

2d Loss Drops Milan's League Lead to One Point Over Juventus

The Associated Press

Phil Masinga fired in the winner with 23 minutes left to lift Bari to a shocking 1-0 victory Sunday over the Italian League's leader, Internazionale di Milano, and the world player of the year, Ronaldo.

Inter Milan's second loss in 16 matches this season — and first home defeat — cut the club's lead in the standings from four points to just one over the defending champion, Juventus of Turin, which routed Bologna, 3-1.

Filippo Inzaghi scored twice in the first 19 minutes and Alessandro Del Piero tucked a 25-meter free kick under the crossbar in the second half to lead Juventus (10-5-1).

"This was a big day, psychologically," the Juventus coach, Marcello Lippi, said. "There are still 18 games left in the season, but getting closer now is an important boost."

Inter (11-3-2) was undone by its often shaky defense, which allowed Masinga to find space in front of the net. The South African, in his first Serie A campaign, netted his fourth goal by knocking in the rebound after Inter's goalkeeper, Gianluca Pagliuca, failed to handle his close-range header.

At the other end, Ronaldo — the Brazilian who collected FIFA's top award last week for the second straight year — was held without a goal for the fifth match in a row.

Juventus did not face its former star, Roberto Baggio, in the match at Bologna. Italy's 1994 World Cup hero refused to sit on the bench — since coach Renzo Ulivieri decided not to start him — and walked out on the team Saturday night, a team official announced Sunday.

Elsewhere, third-place Udinese fell further with its second straight 1-1 draw

against a club in the relegation zone. Last week it was against last-place Napoli, this week it was 16th-place Atalanta of Bergamo.

Udinese trailed Atalanta before its German striker Oliver Bierhoff equalized in the 49th minute with his 12th goal of the season.

Striking Lazio of Rome moved up to fourth place with a 3-1 comeback win at Fiorentina on goals by the Croat striker Ante Boksic, Roberto Rambaudi and the Czech midfielder Pavel Nedved.

EUROPEAN SOCCER

Fiorentina played with 10 men for the final 42 minutes after the Swedish midfielder Stefan Schwarz was expelled for a rough foul on Nedved.

Sampdoria of Genoa continued its prolific scoring, following up last week's five-goal effort with a 3-1 victory at Lecce. Vincenzo Montella scored twice to raise his tally to 13.

In other games: Piacenza salvaged a 1-1 draw at AS Roma on a goal with four minutes remaining; Vicenza beat Empoli, 1-0; and Brescia defeated Napoli, 3-0. AC Parma was hosting AC Milan late Sunday night.

SPAIN In Madrid, a goal from the Italian international Christian Panucci earned Real Madrid an unconvincing 1-0 victory over lowly Salamanca, and put the defending champion back at the top of the league after its 21st-round game.

Real Madrid now has 43 points from 12 victories, seven draws and two losses, just two points ahead of its arch rival, FC Barcelona.

Panucci's goal came in the 21st minute of a lackluster game in which the Real Madrid failed to sparkle despite two just signed new stars, Savio of Brazil and Christian Karembeu of France, who

played from the start for the first time.

Elsewhere, Real Sociedad held onto the No. 3 spot but was defeated, 3-1, by Racing de Santander.

A goal from Vladimir Bestchastnykh gave the home team an early lead, converted to 2-0 in the 16th by a goal from Nelson Abejón, a Uruguayan.

Real Sociedad looked threatening again when Darko Kovacevic scored in the 81st, but Racing came back seven minutes later with a goal from Fernando Correa, another of its four Uruguayan players.

In another 21st-round upset, played Saturday, Atletico de Madrid was defeated, 2-1, by Valladolid. In that game, Santi Dania put the goal into his own net.

An equalizer from Francisco Narvaez kept Atletico in the game until Alen Peretmac got Valladolid's second goal.

In other games Saturday, Celta beat Espanyol, 1-0, with a goal from Juan Sanchez, and Oviedo trounced Zaragoza, 3-0, with the help of two goals from Roberto Pompei and one from Peter Dubovsky.

Other games Sunday included a 0-0 draw between Athletic de Bilbao and Betis. Compostela put on a better show, earning a 3-0 victory over Merida.

ENGLAND Everton moved up three places away from the relegation zone and dented Chelsea's title hopes with a 3-1 victory Sunday at Goodison Park.

Strikes by Gary Speed and Duncan Ferguson and Chelsea defender Michael Duberry's goal into his own net, lifted Everton to 13th of the 20 Premier League teams while the visitors remained third, seven points behind league-leading Manchester United, who can go even further ahead Monday by winning at Southampton.



Real Madrid's Raul Gonzalez, right, battling Salamanca's Marco Lanna.

GREECE Christos Maladenis scored two goals Sunday as AEK Athens beat PAOK Salonica, 3-0, at home, to regain the lead in the Greek first division.

After 18 rounds, AEK leads with 47 points, four ahead of Olympiakos Piraeus, which has played only 17 games. Olympiakos shares second place with Panathinaikos Athens. The Athens squad beat crosstown Panionios, 2-1. Maladenis opened the scoring for the

hosts a perfect pass from Daniel Batist in the 16th minute. Salonica's goalkeeper Nikos Michopoulos saved a low shot by Batista with an outstretched leg in the 34th. In the 51st, AEK's goalie, Ilias Amadizidis, made a key save on a shot by Dimitris Kapetanopoulos.

Five minutes later, Batista made the score 2-0 with a header off a free kick from Harris Koptisis. It was Batista's seventh goal of the season.

Australians
Rally in Final
Swim Events

The Associated Press

PERTH, Australia — Australia collected three gold medals on the final night of the world swimming championships Sunday while American swimmers won a pair, including Lenny Krayzelburg's golden double in the backstroke.

Australia struck gold with Susie O'Neill in the 200-meter butterfly, Grant Hackett in the 1,500 meters and the men's 400-meter medley relay team and Michael Klim, who gave his team the lead on his butterfly leg of the relay to win his fourth gold medal of the meet.

The Americans finished second in the relay, the first time they have ever lost the event at a world championship or Olympic meet.

Amy Van Dyken of the United States, a gold medalist at the Olympic Games in Atlanta, won the 50-meter freestyle to give the Americans a total of 17 gold medals for the meet. Australia finished with seven first-place finishes.

Krayzelburg, a Ukrainian-born competitor for the United States, who won the 100 meters on Thursday, finished in 1 minute, 58.84 to edge Ralf Braun of Germany over 200 meters, with Mark Versfeld of Canada winning the bronze.

"Coming here my aim was to win the 100 and 200 backstroke," said Krayzelburg, 22. "Now that I've come away with a couple of gold medals I feel confident performing in this sort of arena."

"It's the experience I didn't have in Atlanta."

The 22-year-old Krayzelburg became the first American to win the event since Rick Carey took the gold in it in 1982. Krayzelburg came to the United States from the former Soviet Union when he was a teenager.

O'Neill, who passed the American swimmer Misty Hyman near the 150-meter mark and then powered home to win in a meet-record 2:07.93, won a bronze in Rome in 1994 in the last world



Irina Lashko, left, and Julia Pakhalina of Russia making their final synchronized dive Sunday to win the gold.

championships. Another Australian, Patricia Thomas, was second, followed by Hyman in third.

"I was pretty nervous before the race, because I really wanted it badly," said the 24-year-old O'Neill. "Maybe I can retire now."

O'Neill now holds butterfly titles at Commonwealth, Pan-Pacific, Olympic and world championship levels.

Thomas also sped past Hyman on the final lap after the American had led for the first 140 meters.

"It was a hard race," said Thomas, 22. "I gave myself the best chance I could, but Susie was the best on the night."

Van Dyken finished the 50 in 25.15 seconds ahead of Sandra Voelker of Germany in 25.32 and Shan Ying of China, who won the bronze in 25.36.

The defending champion, Le Jingyi of China, missed the race because of injury. Jenny Thompson of the United States, trying to win her fifth gold medal of the meet, was fourth.

Hackett's time of 14 minutes, 51.70 seconds was the fifth fastest in history to finish ahead of Emiliano Brembilla of

Italy. The world record holder and Olympic champion, Kieren Perkins, did not compete. He failed to qualify at the Australian trials when he was beaten by Hackett and Daniel Kowalski, the bronze medalist Sunday.

Earlier, Irina Lashko and Julia Pakhalina of Russia won the gold medal in the women's 3-meter springboard synchronized diving, and Dmitri Sautin added the gold for 10-meter platform diving to his earlier 3-meter diving victory.

Chinese Assurances on Drugs

Assurances by Chinese swimming officials that six drug offenses at the world swimming championships are not a sign of systematic doping have been accepted by the sport's governing body, The Associated Press reported.

Gunnar Werner, the honorary secretary of FINA, the international swimming federation, said Sunday that there was no reason to believe that because six Chinese were expelled from the meet, that was an indication of deeper problems in the Chinese system.

"It is not a systematic thing decided by the Chinese federation," Werner

said. "It is certain coaches and certain swimmers involved, and I'm sure the Chinese swimming federation is taking every step in order to stop this."

Four Chinese swimmers tested positive for the diuretic triamterene while another teammate, Yuan Yuan, was suspended for four years after muscle-building hormones were found in her bag on arrival in Sydney.

Yuan's coach, Zhou Zhewen, was banned for 15 years after he told authorities that he packed Yuan's bag.

Abuse of diuretics carries a minimum two-year suspension for the first offense.

Werner said it might be a good idea to follow the International Olympic Committee's lead and put diuretics on a par with steroids.

Under FINA rules, steroids carry a minimum four-year ban, although the IOC and all other Olympic sports organizations have opted for two-year bans. Any change in the rules, Werner said, would come about only after discussions by FINA's doping panel and executive committee, and would need to be ratified by the full congress.

Bird's Pacers
Invade Boston
To Win, 103-96

The Associated Press

BOSTON — The Boston Celtics saw Sunday what a winning basketball team looks like — not Larry Bird's three-time NBA champions of the 1980s, but the Indiana Pacers he now coaches.

With the Celtics' "Big Three" of Bird, Robert Parish and Kevin McHale looking on, Rick Smith scored 25 points to lead the Pacers to a 103-96 victory over Boston.

The Celtics retired Parish's No. 00 at halftime, picking this game so Bird

Bird, the coach, is earning the respect that he commanded as a player; NBA Roundup, Page 17.

could be present. But No. 33, taking the parquet floor for the first time with another team, stole the spotlight from his former teammate — first just by showing up, and then by coaching his team to victory.

Jalen Rose came off the bench with 20 points, Dale Davis added nine rebounds and Mark Jackson had 13 assists as Indiana won its fifth consecutive game.

Ron Mercer scored 21 for Boston and Antoine Walker had 16 for Boston. Walker was 5-for-18 shooting, but scored eight in a row in the fourth quarter as the Celtics rallied to tie it 93-93 with 2:18 left.

After Walker's 3-point play cut the lead to two with 3:26 to play, Indiana's Reggie Miller, who scored 20, hit two free throws and Chauncey Billups made a reverse lay-up to make it 93-91. Smith was called for a foul, allowing Andrew DeClercq to tie the score on two free throws.

Rose made one of two free throws and then Miller hit a 3-pointer to make it 97-93 with 1:23 left. Smith got the rebound on a missed shot by Walker and then Miller made a lay-up to tie the victory.

Bird played 13 years for the Celtics, won three NBA titles and had his No. 33 retired by the team on Feb. 4, 1993.

Heat, Flies and Teenage Wannabes Poised for Australian Open Pressure Cooker

By Robin Finn
New York Times Service

MELBOURNE — It isn't so simple to get your Grand Slam game face securely into place for the Australian Open, that below-the-equator gateway to the four-stop 1998 Grand Slam season.

The sunshine here almost packs more of a bite than the blowflies, and both tend to hover around the crowded show courts and the less desirable outer courts with nonpartisan fervor. The sun and the flies don't care who is seeded or who has the six-figure shoe contract. They burn and bite on an equal-opportunity basis.

That's something Venus Williams pointed out the first time she stepped onto a practice court last week in Sydney, where she and her sister, Serena, began their electrifying, element-defying Australian debut by reaching the singles semifinals of the Sydney Invitational on tandem.

The hard courts simmering underfoot are not merely hard, they are sometimes hot enough to melt sneakers. When Boris Becker, the 1996 champion, was toppled in the first round last year by Carlos Moya, the German complained of the frying-pan conditions. Becker, whose horrid Australian Open experience in 1997 was fodder for his resolution to play no more Grand Slam

events in 1998, said he could have grilled an egg on his head while losing his match to Moya. Making a full two-week commitment to do battle here until the final weekend is a tall order. Many top players wish they could confront the Australian Open, which begins Monday, a little later in the season.

"It's not an easy one to win," said the top-seeded Pete Sampras, who was victorious here in

Venus Williams readies for Australian Open, undaunted by loss in Sydney final. Page 17.

1994 and 1997 and can bring his Grand Slam total to 11, one shy of Roy Emerson's career men's record, with a successful defense.

"There's the heat, which can get a little extreme," he said. "There's a lot of outside factors you don't have any control over. You've got to be ready for everything."

You even have to be ready, despite training for an outdoor event with sauna-like conditions, to have the stadium's retractable roof slam shut.

Last year the players rebelled when the officials elected to exercise their roof option simply because things got extra hot outside. The players banded together to protest the closing of the roof under anything except rainy conditions. They did

not, they protested, train for air-conditioning. They did not train to test themselves against the cartoon generation, either, but this year, there is a veritable teenage invasion.

No matter that Martina Hingis, the women's defending champion, is still a teenager. To the newcomers, the 17-year-old Hingis is merely another incumbent waiting to be dethroned by the likes of 15-year-old Mirjana Lucic of Croatia, the 16-year-old Anna Kournikova of Russia and the Williams girls, the threatening sisters from the United States.

Venus Williams, 17, who was runner-up to Hingis at the U.S. Open and has designs on the No. 1 ranking, beat Hingis last week en route to a runner-up finish in the Sydney International. Serena, 16, tuned up for this year's Grand Slam debut by walloping such Top 10 types as Monica Seles and Mary Pierce in Chicago.

The men's side of the Australian draw also has its babes in arms. The 16-year-old Lleyton Hewitt, who stunned Andre Agassi two weeks ago in Adelaide, is one of several homegrown contenders for the championship.

In these parts, international veterans are a vanishing breed. Besides Becker, prominent names on the list of absentees are such former champions as Steffi Graf, whose season-ending health problems began here last year, and Seles,

whose attentions to her ailing father/coach, Karoli, mandated her withdrawal from this event, which she won in 1996.

Also missing will be the 1996 French Open champion, Yevgeni Kafelnikov; the 1996 Wimbledon champion, Richard Krajicek; Mary Joe Fernandez, an Australian Open runner-up in 1990 and 1992, and Jim Courier, the two-time champion, who said he has come down with a case of "dead arm."

The most striking Australian Open debutantes are the Williams sisters, who took the city of Sydney by storm with their warm-up for this tournament. Venus gave her 1998 campaign a kick-start with a second-round ouster of Hingis, and Serena plowed through the qualifying competition and promptly sent a message to Lucic, in the opening round before stunning second-seeded Lindsay Davenport.

Her impressive run ended in the semifinals when she lost to Arantxa Sanchez Vicario, 6-2, 6-1. Sanchez Vicario then beat Venus in the final Saturday, 6-1, 6-3.

Hingis held the rest of the tour hostage in 1997 by winning three of the four Grand Slam events. And she came within one match of winning a Grand Slam event for 1997 with her runner-up finish to Iva Majoli at the French Open, a month after undergoing arthroscopic knee surgery.

But Hingis, beaten by Mary Pierce at the year-ending Chase Championships last November, also became the first No. 1-ranked woman to begin her season with an opening-round loss since the rankings were established in 1975.

Hingis's loss to Venus Williams in Sydney marked the first time since the spring of 1995 that the Swiss player had lost two matches in a row.

So the Australian Open, which was supposed to set the stage for Graf's return after a prolonged absence occasioned by major knee surgery and for Seles's first campaign in Melbourne since she won the 1996 title, has instead become a bumper crop of teenage wannabes and Hingis, who has already been there and done that.

On the men's side, Sampras is the favorite to repeat as champion, but for the first time since 1981, there is an Australian seeded second. Patrick Rafter made a long-awaited professional breakthrough when he won his first Grand Slam event at the 1997 U.S. Open and climbed to the No. 2 spot in the world ranking.

Now, he is intent on repairing his unflattering history here where he has three first-round exits in six Australian Open appearances.

Should Sampras falter in the first few rounds and Rafter win the tournament, he could replace Sampras at the top.